Celebrating success together.

THE CITY OF WINNIPEG

Annual Report 99

Winnipeg, Manitoba, Canada

Manitoba Cataloguing in Publication Data.

Winnipeg (Man.). Corporate Finance Dept.
Annual report.

Annual.
Report year ends December 31.
Continues: Winnipeg (Man.). Finance Dept. Annual report.
ISSN: 1201-8147 = Annual report—City of Winnipeg.

1. Winnipeg (Man.)— Appropriations and expenditures—Periodicals
2. Finance, Public— Manitoba—Winnipeg—Periodicals

HJ9014.M36W56 352.1710912743

Cover photo: Mike Grandmaison
Back cover photo: Pan American Games Closing Ceremony

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Profile of Winnipeg

A City for the New Century: Winnipeg is a thriving, dynamic 21st century city. Located in the very heart of North America, the City exemplifies all the advantages that led the United Nation's Organization for Economic Co-operation and Development (OECD) to rank Canada's quality of life the highest in the world. Open for business and increasingly affordable for its citizens, Winnipeg offers an exceptional environment in which to live, work, and play.

Winnipeg's Mayor and City Council have acted aggressively to reduce property taxes and are committed to cutting six per cent over the next three years. The City's fiscal responsibility has been recognized by credit-rating upgrades from Standard and Poor's and the Canadian Bond Rating Service, increasing its attractiveness to investors. This progress builds on the advantages already conferred by Winnipeg's central location. The City is a hub of the transportation and communications industries—no other city has more open business hours than Winnipeg.

Strategic partnerships and investments are raising Winnipeg's profile and opening up opportunities worldwide. The City is a key partner in development of the Mid-Continent Trade Corridor, and in its enhancement with a new cyber trade platform. The City has launched "Smart Winnipeg," to foster the growth of its information technology sector, and promote the creation of a cyber village in the Exchange District. A new development corporation, Centre*Venture*, is stimulating new investment in the downtown. These and many other economic development initiatives are building on the City's existing strengths—including one of Canada's few 24-hour airports and road and rail links that permit delivery of goods anywhere in the world in 48 hours or less.

Winnipeg is learning, growing, and making new opportunities happen—today, in the Year 2000.

A Strong Economic Base: Winnipeg's development is supported by a strong economic foundation. The City is the headquarters of Canada's grain industry and a major food processing centre. It has Western Canada's most diversified secondary manufacturing sector and largest and most diversified aerospace centre, plus Canada's third largest garment production industry. The City has developed a strong medical research cluster and is working with the world-class Canadian Science Centre for Human and Animal Health and the Health Sciences Centre to develop a Bio-Sciences Park that is unique in Canada. The growth of Winnipeg's film industry has been phenomenal, jumping from $17 million in earnings in 1997, to an anticipated $100 million in 2000.

A Great Place to Live—and Do Business: Winnipeg managers have identified the City's low cost of living, high standard of living, and good labour supply with a good work ethic as some of its major strengths. Winnipeg historically has one of Canada's lowest unemployment rates, and a recent KPMG study showed it is one of the lowest business cost centres in North America and Europe. The City has North America's lowest hydro rates and among the lowest office and industrial rental costs of any major Canadian city. With several universities, colleges, and technical centres located in Winnipeg, its work force is also multilingual and highly skilled.

Winnipeg's 628,000 residents—more than half of Manitoba's population—love their City. Its house prices are among the most affordable of any Canadian city, and it has some of the world's most renowned arts organizations and several professional sports teams. Last year's Pan Am Games were the most successful ever, and are being followed by major sports events ranging from a World Cup Soccer qualifier to the Canadian Figure Skating Championships.

The City is filled with scenic parks and is only an hour's drive from one of North America's great fresh-water lakes, complete with white sandy beaches, fishing, and sailing. With its natural beauty, cultural treasures, and enterprising spirit, Winnipeg is ready to make the 21st century its own.

Message from the Mayor

We have made significant changes in the past year that allow me to say that Winnipeg is on its way to becoming one of the most fiscally responsible cities in Canada. For the first time in decades, we are cutting property taxes, and are no longer borrowing money for property tax-supported expenditures. At the same time, we are actively pursuing business opportunities with a revitalized economic development policy and energizing our downtown with a unique development corporation and a comprehensive housing program.

Here are some of the specifics: In March 2000, City Council approved an operating budget which cuts property taxes by 6%; that's a reduction of 2% per year for the next three years. Someone with a home valued at $100,000 will save $90 annually by year three. Just as importantly, this shifts the City of Winnipeg from being a high tax centre, according to national surveys, into a much more attractive position. For the first time, Winnipeg citizens will pay city property taxes that are lower than the national average. The move to a three-year budget is also significant. City Council is offering a clear, consistent message and the necessary planning time to execute expenditure reductions. We are focusing on how we do business and finding internal efficiencies, and that approach is already shaving millions of dollars off our total costs. Our Animal Services branch has a more entrepreneurial approach and is now operating as a Special Operating Agency. Twelve other city services are undergoing similar reviews.

This Council has adopted a pay-as-you-go approach to funding all tax-supported projects. No longer borrowing money externally will have a dramatic effect on our debt servicing costs, and in a few years, our debt payments will peak and then decline.

Independent credit rating agencies are recognizing our determined approach to achieving affordable government; Standard and Poor's has upgraded Winnipeg's long-term outlook from negative to stable, and the Canadian Bond Rating Services upgraded the city's outlook from stable to positive.

Good management is about more than cutting, however. It is also about growing.

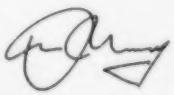
We are reinvesting in some of our greatest strengths.

Winnipeg has an incredibly vibrant and affordable inner city; however, years of neglect have led to a noticeable decline in its housing stock. We have developed a comprehensive, well-researched Housing Initiative and dedicated $7 million over the next five years to support our older neighbourhoods. Both the federal and provincial governments are collaborating with the City to deliver effective housing improvement programs.

This past year Council approved the creation of Centre*Venture*, a unique development corporation focused solely on the downtown. It is a lean organization that helps businesses and investors take advantage of opportunities in downtown Winnipeg, and a number of building redevelopment projects are underway as a result.

We worked closely with the Province to negotiate a deal with J.M. Schneider Corporation for a pork processing plant expansion that will see up to 1,110 new jobs in Winnipeg. As part of a renewed Economic Development Strategy, we brought some commercial utility rates in line with services. In the months ahead we anticipate further economic initiatives geared towards supporting our strongest asset—small, medium and large companies already located here. This year, we created Smart Winnipeg, which brings us one step closer to creating a cyber village centered in the historic Exchange District, and we are co-funding a unique pilot project which creates a virtual business corridor along the Mid-continent Trade Corridor from Winnipeg to Mexico.

As we enter the new millennium, Winnipeg is well positioned to enjoy a renaissance. There is no doubt our politicians, business leaders, labour force and citizens are up to the challenge. With the eyes of the world upon us, this past year Winnipeg hosted the most successful Pan American Games ever staged. More than 20,000 Winnipeggers volunteered their time. The Games and the city ran smoothly; the Games did well enough financially to leave a modest legacy for amateur sports, and even the weather cooperated for the international media with blue skies and sunshine—proving, once again, that this city rises to any challenge.



Glen Murray
Mayor

Message from The Chief Administrative Officer

In 1999, Winnipeg shone. As hosts of the most successful Pan American Games in history, we showed the world that we are a thriving, beautiful city, capable of staging the largest international events without sacrificing any of our unique warmth and charm. We showed the world that we truly are "One Great City."

The spirit of renewal, generated by the Games, gathered momentum throughout the year. This annual report is a record of the energy and achievements that set apart 1999 as a very special year for Winnipeg. Throughout the year, staff across the organization have been working hard to bring City Council's vision of more affordable and effective civic government closer to reality. We are making innovation, cost-effectiveness, and a commitment to superior service our touchstones for the new millennium.

Our Mayor and Council have made affordability one of their top priorities. In its budget for the Year 2000, Council has approved a six per cent cut in property taxes over the next three years, and a freeze on business tax rates at 1996 levels. In support of these tax relief measures, we will be reducing our costs by about $16 million by 2002, through administrative efficiencies. We continue to absorb inflationary and other cost increases and are doing everything we can to manage scarce public resources better.

Better planning and budgeting are the foundation of these efforts. Our 1999 budget was awarded the Distinguished Budget Presentation Award by the Government Finance Officers' Association of the United States and Canada. For the first time in 1999, our external auditors certified that our financial statements were prepared "in accordance with generally accepted accounting principles." The 2000 budget is the first three-year operating budget ever prepared for the City of Winnipeg, enabling us to focus more clearly on the longer term. Every City service has now been identified, profiled, and costed, and work on service-based budgeting continues. Every City department has now completed a business plan.

These efforts are paying off. Council's vision is being realized, and taxpayers' money is being saved. The City's credit rating has been upgraded by both Standard and Poor's and the Canadian Bond Rating Services. Superior management of our civic pension fund will yield a saving of $13.3 million annually from 2000 to 2002. Better management of our capital increased our interest revenue by $8.3 million. And, Winnipeg Hydro set another record in 1999, earning a profit of $26.6 million for the citizens of Winnipeg.

As civic staff, we even saved $1.6 million in 1999 by reducing our telephone service costs. We believe that no City program is too large or too small to be run better. Whether helping develop the new three-year budget process, coordinating assistance for Centre*Venture*, or establishing the City's first Special Operating Agency at Animal Services, we believe that the time is always right for innovation. City Council and the citizens of Winnipeg can depend on us to continue meeting challenging budget targets while maintaining service levels.

The 1999 Pan Am Games showed us that, for the City of Winnipeg, the sky is truly the limit. We look forward to working with every Winnipegger to make the Year 2000 an even more impressive success.

Gail Stephens
Chief Administrative Officer

Message from The Chief Financial Officer

For the third consecutive year, the City recorded strong financial results. We ended the year with a $68.5 million consolidated net surplus as a result of deferred capital spending, internal financing of capital projects, and a strong financial performance from our utilities. Notwithstanding the strong 1999 earnings, the City still faces many challenges not only in achieving affordable government but in providing our citizens with a 6% reduction in property taxes over the next three years at 2% a year.

To achieve our goal to reduce property taxes while continuing to provide core services, public forums and community consultation events were held during the year. This process generated ideas, some of which were incorporated in the three-year budget approved by Council on March 15, 2000. They range from cost reduction measures such as alternative service delivery, shared services, and streamlining processes, to enhanced income generation from new revenue sources. Furthermore, as a result of exceptional investment performance by The City of Winnipeg's pension plan, a significant pension surplus has accumulated. It is expected this will allow the City to take a full or partial contribution holiday in the year 2000 and beyond. The City is also anticipating a retroactive refund of pension contributions for 1998 and 1999 of about $35 million.

Another significant goal reached during the year was that, for the first time, Council approved a tax-supported capital program that required no new external debt. Council took a further step towards debt reduction during the 2000 to 2005 capital estimates process by adopting a capital investment plan that avoided the need for new external debt for tax-supported capital programming for the next six years. However, despite positive steps to continue to reduce debt, debt and finance charges are still projected to increase and then peak in 2002 based on prior authorized borrowings.

During 1999, we saw the implementation of departmental business planning. The business plan model provided the opportunity for departments to outline "what" service delivery responsibilities they have, "what" they intend to achieve, "how" they intend to get results and "how" results will be measured. The process also allowed for an assessment of whether opportunities exist for service delivery changes in certain circumstances, as well as act as a corporate tool to align service strategies in support of Council's goals and objectives. For the next business planning cycle, greater emphasis will be placed on improved performance measurements.

In conclusion, change has and will be occurring as indicated by our vision of "One Great City—Making it Happen!"

Robert P. Gannon
Chief Financial Officer

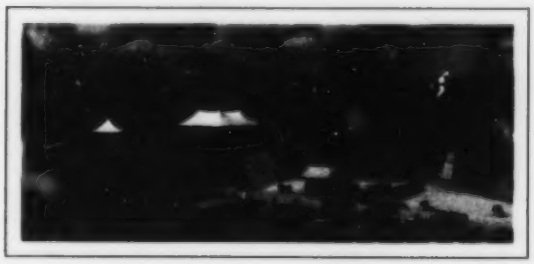
A Responsive Political Structure

On January 1, 1972, *The City of Winnipeg Act* came into force creating the new unified City of Winnipeg. The legislation amalgamated a previously fragmented municipal structure of twelve municipalities and the Metropolitan Corporation of Greater Winnipeg into one single unified city government (Unicity). In the last 27 years, the City's political decision-making structure has been both reduced in size and significantly streamlined.

The citizens of Winnipeg are served by 15 full-time Councillors, each representing one ward, and by the Mayor, who is elected at large. They form the Council which is the governing body of the City and the custodian of its powers, both legislative and administrative. Directly under Council are the Executive Policy Committee (EPC), four Standing Committees, as well as community and ad hoc committees.

On October 29, 1997, Council adopted the recommendations of EPC based on an external review of the organization and administration by George B. Cuff & Associates and passed By-law No. 7100/97—the City's Organization By-law, which established the framework for a new administrative and decision-making structure.

The Executive Policy Committee: The Executive Policy Committee (EPC), whose members cannot exceed seven, is chaired by the Mayor, and made up of the Chairpersons of Council's Standing Committees and any other members of Council appointed by the Mayor. EPC's role and mandate is to formulate and present recommendations to Council on policies, plans, budgets, by-laws and any other matters affecting the City as a whole; to ensure the implementation of policies adopted by Council; to coordinate the Standing Committees; and to develop and establish policies relating to civic employees.



Standing Committees: Council is assisted in the discharge of its responsibilities by its Standing Committees. These committees are delegated certain powers and duties and provide policy advice related to their specific responsibilities to Council through EPC. They also provide a forum for public input, and receive recommendations from Community Committees.

In accordance with the Cuff Report/Executive Policy Committee recommendations, on October 29, 1997, the four Standing Committees (Finance and Administration; Planning and Community Services; Protection, Parks and Culture; and Works and Operations) were dissolved and new Standing Committees were created.

The Standing Policy Committees on Property and Development, Protection and Community Services, and Public Works are responsible for providing policy advice to Council on matters within their respective jurisdictions, as detailed in the chart on the facing page.

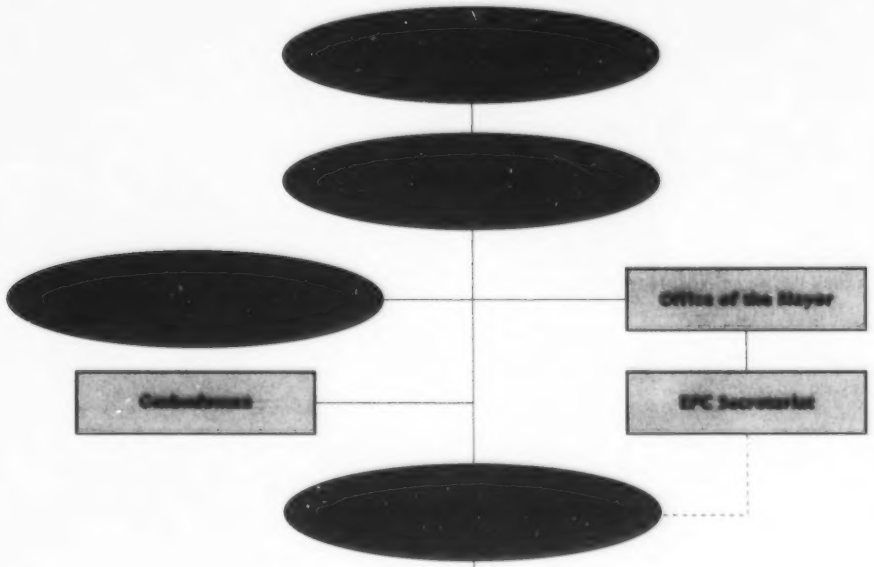
The Standing Committee on Fiscal Issues is responsible for coordinating and advising EPC on the City's fiscal policy development and fiscal strategies.

Chief Administrative Officer: Effective October 29, 1997, Council replaced the Board of Commissioners with a Chief Administrative Officer (CAO), reporting directly to EPC. As the senior representative of the civic administration, the CAO is responsible for overseeing implementation of policy established by Council. The CAO also makes policy recommendations and provides information to Council for its deliberation.

The Cuff Report/Executive Policy Committee recommendations also provided for organizational redesign and amalgamation of departments culminating in nine operating departments reporting administratively to the CAO: Community Services, Corporate Services, Police Services, Emergency Response Service, Public Works, Hydro, Transit, Water and Waste, and Property and Development Services.

In 1997, Council also created a Chief Financial Officer (CFO) position reporting to the CAO. Both the Corporate Finance and Assessment departments report to the CFO.

Executive and Functional Organization



Chief Administrative Officer

CAO Secretariat
Corporate Communications
Corporate Planning
Economic Initiatives
Human Resource Services
Information Technology
Legal Services
Research & Policy Analysis

Chief Financial Officer

Property Assessment
Corporate Finance

City Clerk

City Auditor

Standing Committee on Fiscal Issues

Additional Appropriations

Standing Policy Committee on Public Works

Engineering Services
Facility Maintenance
Fleet Management
Hydro
Open Space Maintenance
Public Works Maintenance
Solid Waste
Traffic Control
Transit
Transportation Planning
Water/Waste Services

Standing Policy Committee on Protection & Community Services

Ambulance Services
Animal Control
By-law Enforcement
Cultural Services
Disaster Planning
Fire Services
Harbour Master
Libraries
Museums
Police Services
Public Health
Recreation & Parks Programming/Services
Social Services*
Zoo

Standing Policy Committee on Property & Development

Asset Management
Building Inspection
Development Control
Heritage
Housing Policy
Land Development
Licensing
Parks Planning
Planning & Land Use
Riverbank Management

*Social Services was transferred to the Province on April 1, 1999
Appendix "A" to By-law No. 7100/97

1999 Council and Senior Administrators

1999 Council

HIS WORSHIP
Mayor Glen Murray

John Angus, St. Norbert
Chairperson, Standing Policy Committee on Public Works

Bill Clement, Charleswood–Fort Garry
Chairperson, Standing Committee on Fiscal Issues

Peter De Smedt, St. Charles
Chairperson, Standing Policy Committee on Property and Development

Jae Eadie, St. James
Secretary of Intergovernmental Affairs

Jenny Gerbasi, Fort Rouge

Allan Golden, St. Vital

Harry Lazarenko, Mynarski
Deputy Speaker

Mark Lubosch, North Kildonan
Acting Deputy Mayor

Mike O'Shaughnessy, Old Kildonan
Speaker & Chairperson, Secretariat Committee

John Prystanski, Point Douglas

Harvey Smith, Daniel McIntyre

Garth Steek, River Heights

Lillian Thomas, Elmwood
Deputy Mayor

Shirley Timm–Rudolph, Transcona

Daniel Vandal, St. Boniface
Chairperson, Standing Policy Committee on Protection and Community Services

1999 Senior Administrators

Gail Stephens
Chief Administrative Officer

Robert P. Gannon
Chief Financial Officer

Rick Borland
Director, Winnipeg Transit

Dorothy Browton
City Clerk

Keith Dowdall
Director, Corporate Finance

Jack Ewatski
Chief Of Police, Winnipeg Police Service

Shannon Hunt
City Auditor

Doug Kalcsics
Director, Planning, Property & Development

Leslie King
Director, Corporate Services

Jim Linton
Director, Winnipeg Hydro

Barry MacBride
Director, Water & Waste

Virginia Menzies
Ombudsman

Brian Moore
City Assessor

Wes Shoemaker
Chief Operating Officer, Emergency Response Service

Ursula Stelman
Director, Community Services

Jim Thomson
Director, Public Works

Celebrating Success Together

For the City of Winnipeg, 1999 was a year of challenge, change and renewal. An important part of that renewal is to build a more effective and responsive civic administration.

Whether helping develop the new three-year budget process, coordinating administrative assistance for Centre*Venture*, or establishing the City's first Special Operating Agency at Animal Services, the administration has been working hard to respond to the priorities of Council.

Besides presenting the consolidated financial statements of the City in 1999, this Annual Report highlights some of the significant achievements of City staff and departments throughout the year.

This section of the Annual Report details departmental achievements under the categories of the six priorities established by Council at the beginning of 1999:

- *Cost of Winnipeg's Government*
- *Infrastructure Renewal*
- *Economic Development*
- *Safety*
- *Downtown*
- *Housing and Neighbourhood Renewal*

Cost of Winnipeg's Government

Restructuring of City Employee Benefits Program: The Corporate Finance Department, along with the Corporate Services Department, concluded negotiations to restructure the Employee Benefits Program. Both City Council and the Unions ratified the restructuring in December, 1999.

As a result of exceptional investment performance, a significant pension surplus has accumulated allowing the City to take a full or partial contribution holiday in the year 2000 and beyond. A retroactive refund of pension contributions for 1998 and 1999 will also be made to the City. The Employee Benefits Program is being restructured with a new Joint Board of Trustees. The target date for completion of the new Trust Agreement is July of 2000. One of the benefits to the City is the reduction of long-term risk associated with future pension benefits as the City of Winnipeg previously carried all of the risk with respect to the Pension Plan.

Three-year Operating Budget: For the first time, the City developed a three-year budget for the years 2000–2002. This shift to a longer-term planning horizon provides the opportunity for more focused strategic direction. It also allows more lead time for implementation of new initiatives. All three years have been balanced with no shortfall between revenues and expenditures.

Credit Rating: A successful credit rating presentation was made to the rating agencies in Toronto and New York. Canadian Bond Rating Services (CBRS) upgraded the City's rating outlook from stable to positive. Standard & Poor's also upgraded its rating to stable from negative.

Business Planning: This was the first year that all City departments prepared and submitted formal business plans consistent with the City's own model, outlined in the business planning workbook. Business Plans are intended to ensure alignment of departmental services with Council priorities and corporate goals.

Disposal of Surplus Items: The disposal of surplus items by the Materials Management Division has again returned a significant dollar value to the City. The 1999 total is approximately $1 million. In addition, surplus items redistributed to fill departmental requirements as opposed to buying new items has saved an estimated $500,000.

City's First Special Operating Agency: Animal Services became the City's first Municipal Special Operating Agency (SOA) on January 1, 2000.

A comprehensive business plan and operating charter was completed and subsequently approved by City Council on November 17, 1999. As an SOA, Animal Services will have increased flexibility to attain new levels of performance. Strategic direction includes the shift of the cost base from the general taxpayer toward the users of the system.

For example, a successful marketing campaign aimed at increasing the number of dog license sales was launched in 1999. At the start of the year, dog license sales were just under 8,000 and at year-end that number rose to 14,000.

Consolidation Leads to Savings: The Water and Sewer division consolidated several operations into one office and yard.

As a result, the following efficiencies were achieved:

- reduced annual operating costs of $1.3 million per year;
- increased ability to respond to emergencies and deliver services;
- 1750 Sargent Avenue was made available for sale which could raise up to $1.5 million;
- a reduction in the liability of the Equipment Replacement Reserve by about $3 million.

Hydro Achieves Record Profits in 1999:

- Hydro's record profit of $23.1 million (restated) in 1998 was surpassed by a new record in 1999 of $26.6 million.
- City of Winnipeg transferred $17.9 million of Hydro's profits in 1999 for tax-supported services and capital projects.

Service Transfer: On April 1, 1999 the City's Social Assistance program was transferred to the Province of Manitoba. The city's Social Services department closed after having been in the social support business for 125 years. Manitoba Family Services took over the approximately 12,000 welfare recipients affected by the transfer.

Interest revenue increased by $8.3 million due to: delayed capital spending, better management of the City's cash position, and timely borrowing in the Capital Markets.

Reduced telephone costs to all City Departments: Improved service agreements for telephone, long distance, and voice messaging were negotiated with the savings appearing in 1999. Five-year savings are estimated at $1.6 million. Improved service agreements for cellular telephone and paging services resulted in a three year savings estimated at $1.2 million.

Library Services received a commitment of $388,000 from the Gates Foundation for the purchase of additional internet computers at thirteen branches.

Debenture Issue: The City launched two very successful debenture issues in the Capital Markets in January of 1999. These debentures were issued at historically favorable interest rates. A thirty-year $30 million issue was placed for Winnipeg Hydro at 5.90% and a ten-year $50 million issue for the City sold at 5.35%. The debentures received a favorable response from investors.

2000 Assessment Roll: For the second year in a row, the realty roll was issued a full seven months in advance of the required delivery date. The 2000 realty assessment roll was delivered on May 31, 1999. The early roll return places the department among the top in Canada. This early delivery of the roll allows all appeals to be processed before the roll issue is used for tax purposes.

Infrastructure Renewal

Strategic Infrastructure Reinvestment Policy (SIRP)—Implementation Committee: Tasked with implementing adopted policy options identified in the 1998 SIRP report, the Implementation Committee was created in September 1998. Under the direction of the Chairperson of the Standing Policy Committee on Public Works, the Director of Public Works and the President of the Infrastructure Council of Manitoba, seven sub-committees (three chaired by Public Works Department staff) were established. Draft reports of the Sub-Committees were completed in 1999 with final reports due in 2000.

Provencher Bridge Public Consultation Process: The Public Works Department conducted a comprehensive public consultation process to determine the most appropriate alternative for the aging Provencher Bridge. The process involved the formation of a Project Advisory Committee comprised of fifteen stakeholder groups representing local and city-wide interests.

Four bridge alternatives were presented to the public through a series of open houses. Feedback from the open houses as well as a formal public survey helped broaden public input into the process.

The Committee recommended to City Council that the existing bridge be replaced with an innovative paired-bridge alternative featuring separate vehicle and pedestrian bridges. A partnership that would see Centre*Venture* deliver the pedestrian bridge is being pursued.

Asset Management System: Public Works began implementation of a comprehensive computerized asset management system designed to improve accuracy of state-of-asset information and allow sophisticated modelling showing the impact on infrastructure assets of various levels of maintenance and capital expenditure.

Main/Norwood Bridge: Highlighted by the unveiling of Winnipeg's most significant piece of public art titled "River Arch," the Main/Norwood Bridges were officially opened on October 19, 1999. Taking five years to complete, this capital investment was the largest public works project in Winnipeg since the aqueduct was built between 1915 and 1919.

Major roadworks completed during the year: The Public Works Department administered a $14.7 million Residential Street Renewal Program involving reconstruction or rehabilitation of approximately 160 blocks of residential streets throughout the city.

Improvements at the South End Water Pollution Control Centre: Construction of a new $4.3 million effluent disinfection facility at the South End Water Pollution Control Centre (SEWPCC) was completed and began operating in July 1999. The new disinfection process provides a higher level of environmental protection, consistent with regulatory objectives.

First Straflo Turbine/Generator Installed at Pointe du Bois: Hydro successfully completed a multi-year demonstration project involving the replacement of Unit No.1 (3.5 MW) with a new Sulzer Hydro Straflo turbine/generator rated at 8.4 MW. Official turning on ceremony was held on November 2, 1999.

Economic Development

A sustainable business sector is the key to economic prosperity for Winnipeg and its citizens. Municipal government initiatives should foster an environment which retains and attracts industry, while allowing businesses the opportunity to do what they do best; interpret market conditions and respond to them. Here are some activities from the past year which have led to, or are leading to, expanded economic development for Winnipeg.

Centre*Venture:* In 1999, City Council endorsed the creation of the Centre*Venture* Development Corporation to provide leadership in creating and sustaining business opportunities and economic growth in downtown Winnipeg. Centre*Venture's* mandate is to facilitate private and public sector investment and development in the downtown. Centre*Venture's* start-up Business Plan established a goal to either initiate or facilitate $60 million in small to medium-sized redevelopment projects in downtown Winnipeg within three years. A City administration team is working with Centre*Venture* to streamline regulatory processes, to cut through red tape, and stimulate downtown growth.

J.M. Schneider Corporation Plant Expansion: J.M. Schneider food processors has proposed an estimated $75 million expansion of its Winnipeg plant which would result in an estimated addition of approximately 1,200 jobs and an increase in municipal taxation revenue for the City.

Mid-Continent Virtual Trade Corridor Project: The City of Winnipeg is a partner in a proposal to develop electronic business trade connections among businesses and associations along the Mid-Continent Trade Corridor. The project would allow companies within the north/south central region to invest, trade and promote their products and services with a globally-focused, networked business community that would extend from Winnipeg to Mexico. This initiative is known as the Mid-Continental Americas Regional Trade Access project (MCARTA).

Pan American Games: The 1999 Pan American Games, the third largest international sporting event ever held in North America, were an unqualified sporting, cultural, and financial success for the City of Winnipeg.

The City's investment in Pan Am was $10 million in cash and gifts in kind. An economic impact assessment prepared prior to the Games projected total employment associated with the Games at 3,700 person-years and $28.5 million in incremental visitor expenditures in Manitoba alone. The Pan Am Games Society has declared a projected surplus of $8.5 million. The legacy of the Pan Am Games will serve the sporting community and general population of Winnipeg for years to come.

SMART Winnipeg: City Council supports initiatives designed to position Winnipeg as a leader in the digital economy. SMART Winnipeg, which was established in 1999, will plan, coordinate and initiate projects that will stimulate economic development in this sector. One SMART Winnipeg project includes the creation of a cyber village which is an Innovation Corridor for high tech business. Becoming a SMART community will help Winnipeg make the most of economic opportunities that new technologies can provide.

creating business opportunities

Safety

Building Safer Communities—Anti-Arson Initiatives: An Arson Strike Force was established in the fall of 1999. The strike force team is comprised of fire fighters, police officers, and representatives of the Office of the Fire Commissioner. Since its inception, the Arson Strike Force has investigated 424 fires, made 100 arrests, and laid 349 charges related to damages estimated at $6.6 million.

Also, in the fall of 1999, Winnipeg City Council took decisive action to address concerns about arson and build a safer, healthier community. Council's efforts were founded upon community partnerships and community support.

Fire Prevention:

- Amendments were made to Fire Prevention By-Law 1322-76 to require all residential rental properties to have operative smoke alarms.

Fire–Paramedics Operations:

- Winnipeg is the first fire department in Canada to adopt the latest technology in self-contained breathing apparatus. This state-of-the-art breathing equipment also has a personal alert safety system with a temperature sensor that sounds an alarm when a fire fighter is in trouble or trapped in a fire.
- A Canadian Medical Association Level II paramedic training program was held in partnership with the Province of Manitoba. This pilot program resulted in the graduation of five provincial and ten City of Winnipeg paramedics.
- Two Major Incident Response Vehicles were put into service following their design and complete refurbishment. This allows Emergency Response Service better capability to respond to multiple patient emergencies and to provide special event stand-by ambulance coverage.

Together Against Graffiti (TAG) Program: The Public Works department's graffiti removal crews work together with Take Pride Winnipeg and local BIZ groups as part of the TAG Team effort to control graffiti.

In its second year of operation, the Department's crews were responsible for removal of graffiti from over 2,000 locations totaling 45,600 squares metres of outdoor surfaces. This is an area equivalent to a building front three metres high stretching along Portage Avenue from Main Street to the west city limit—a distance of 15 km. The TAG Team works in partnership with various BIZ groups. With support from Public Works crews, Take Pride Winnipeg's mural program, utilizing local artists, has painted 59 murals throughout Winnipeg in the last two years.

Police Services to Undergo Operational Review: The Operational Review Committee commenced its duties with a mandate to review the current operations of the Police Service and provide recommendations for discussion and approval. Based on a review of uniform, traffic, and plainclothes operations, as well as service delivery and quality control within the Winnipeg Police Service, the committee will prepare recommendations to enhance the effectiveness and efficiency of the police operation.

Traffic Enforcement Initiatives: Through increased selective enforcement programs over the past year, the Police Traffic Division enhanced public safety on the streets and roadways within the City of Winnipeg.

The Division promoted public awareness of traffic safety and modification of driver/pedestrian behavior through education and enforcement programs that included initiatives such as Roadwatch, Checkstop, and spring/fall speed enforcement campaigns. In 1999, a total of 1,204 individuals were charged with impaired driving offences.

Downtown

Downtown Improvement: A series of new initiatives were undertaken to provide timely, effective support for downtown revitalization.

Centre*Venture* Asset Agreement: As referred to under **Economic Development**, City Council established Centre*Venture* and a board and Chief Executive Officer were appointed to provide leadership in downtown development.

In conjunction with the City's Legal Services and the CAO Secretariat, the Planning, Property and Development Department negotiated and executed an asset agreement providing Centre*Venture* with an option to purchase specified City-owned real property assets within the downtown area.

A Senior Planner from the Department was "loaned" to Centre*Venture* as part of the City's efforts at partnering with the corporation to enhance business development opportunities in the downtown.

Neeginan Project Land: The City's Planning Property and Development Department concluded negotiation of the land assembly for the Neeginan (North Main Street Redevelopment) Project. This project consisted of the acquisition of seventeen properties.

Property Asset Improvements, Exchange District:

- The Arts Exchange Co-op, in conjunction with Shelter Corporation, was the successful proponent for development of the Big 4 Building at Main and Bannatyne.
- The Province of Manitoba, in conjunction with Red River Community College, was the successful proponent for the Princess Properties development.

Portagescape: A number of transit improvements were incorporated into the Portagescape project, including new heated shelters, benches, route/schedule information kiosks, a 24-hour transit priority signal eastbound at Vaughan, newspaper boxes, and waste receptacles. Transit's two main east-west downtown streets (Portage Avenue and Graham Avenue) have now received a complete facelift in the past six years.

Winnipeg Hydro designed and installed new street light standards and luminaires, and new festive lighting on Portage Avenue from Main Street to Spence Street which included spectacular median strip decorations comprised of three poinsettia waves, Santa's Sleigh and reindeer, and street light pole decorations. The new poles and luminaires were modeled from archival pictures of the street lighting system that existed at the turn of the 20th century.

downtown revitalization

Housing and Neighbourhood Renewal

Established Community Resource Service Model: The Community Resource Area model is a community-based service that strengthens neighbourhoods by building personal and community capacity through public participation, innovative partnerships and leadership development. Within each of the seven defined community areas for Winnipeg, a Community Resource Coordinator provides responsive community services. Community Resource Coordinators have formed valuable working relationships and have facilitated community consultations such as the Plan Winnipeg workshops and the Mayor's Housing Policy Workshops.

Development of a Community Resource Characterization Database: This neighbourhood level database includes Statistics Canada information as well as other relevant health, social and economic indicators. This database will be of critical importance for the Community Services Department in its business planning cycle, as it will provide for:

- evidence-based decision making with respect to policy, programs and services;
- building a foundation for evaluating service impacts.

Home Renovation Tax Assistance Program (HRTA): In 1999, the Planning, Property and Development Department recorded an overwhelming response to the 1998 HRTA Program. While the three previous program years resulted in an average of 150 tax credits per year, the latest Program generated more than 2,000 applications.

Recreation Opportunities: Recreation opportunities enhanced our recreation service initiatives for at-risk youth, which resulted in over 4,000 children and youth accessing services in the inner city area.

Library Services: Library Services, with the support of CUPE and using volunteers as monitors, established community study rooms in the evenings at libraries in targeted areas. Library Services also purchased and distributed fire prevention-related books to fourteen schools in the inner city.

strengthening neighbourhoods

Customer Service Initiatives

Besides responding to Council's six priorities, civic departments, in their normal course of business, strive to improve performance within their designated areas of responsibility.

Following are some additional significant activities from 1999 which contributed to improving the quality of life in our city.

Established a new Customer-Friendly License Branch: Community Services' license branch relocated to 15–81 Garry Street, and shares a common location with Planning, Property and Development's One-Stop-Shop. This service improvement results in increased customer convenience.

In addition, the License Plus System, an innovative information technology system, was developed and implemented. Community Services and Planning, Property and Development utilize the AMANDA and License Plus systems for sharing business rules and integrating business functions. This has resulted in the development of customer information records using a common property address database.

Direction to the Future—The Guide to Better Transit for Winnipeg: On December 16, 1998, City Council directed the Standing Policy Committee on Public Works to form a Working Group to identify initiatives to increase transit ridership, stabilize transit fares, and develop opportunities for a reduced fare for post-secondary students. The Working Group drafted a report in December 1999 outlining a series of recommendations to improve Winnipeg's transit service.

Bike and Bus: Winnipeg Transit launched a Bike and Bus Pilot Project on July 22, 1999. The objective was to test the use of bike racks on buses. This demonstration will be continued in 2000 on the R60 Pembina service between the University of Manitoba and downtown.

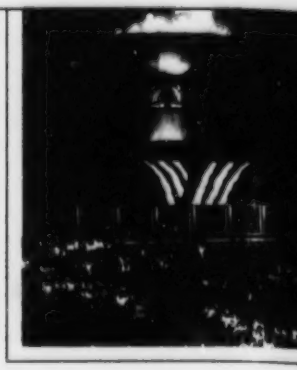
New Bus Deliveries: Winnipeg Transit received 60 new low floor buses from New Flyer Industries. This represented the final delivery in an order for 103 replacement buses (orders for 1996, 1997, 1998, and 1999) which temporarily enhanced the transit fleet for the Pan American Games.

Assiniboine Park Service Enhancements:

- In 1999 a horse and buggy for-hire operation was offered to the public and a Park Ambassador was hired to provide assistance to tourists and to provide entertainment for children.
- Major rehabilitation and upgrades to the Assiniboine Park Duck Pond were completed in 1999.
- In partnership with the Zoological Society, "Boo at the Zoo" was very successful, with over 45,000 people attending during the ten day event.

improving quality of life

1999 Pan American Games



The 1999 Pan American Games were the largest celebration of sport and culture ever staged in Canada. The vision of then Mayor Bill Norrie initiated Winnipeg's bid for the XIII Pan Am Games. Subsequently, Mayor Susan Thompson's unrelenting passion and enthusiasm secured the event for Winnipeg against formidable odds. Mayor Glen Murray represented the City to the delight of the hundreds of thousands in attendance and millions in the broadcast audience during the Games.

From July 23 to August 8, 1999, Winnipeg played host to 4,946 athletes, 2,266 technical and support officials and approximately 2,000 coaches, trainers and mission staff from 42 countries who participated in 41 sports. Medals were awarded in 330 different events. The XIII Pan Am Games were the third largest multi-sport event ever held in North America, next to the Summer Olympics in Los Angeles and Atlanta.

The sport events of the Games were carried out flawlessly, much to the delight of the spectators in attendance, the international viewing audience, international officials and participating athletes. Top performances were made possible through the provision of world-class facilities and superb care and support of athletes. Field of play preparations and conditions were exceptional and athlete feeding, transportation, accommodation and medical care was second to none at an international event of this calibre.

The true spirit of the Games was captured by the 18,575 registered volunteers whose skill and dedication made this one of the most memorable events in Winnipeg's history. From high level planning to the teams of litter collectors who kept the villages, sport sites and cultural venues clean, the sea of coral clad volunteers did Winnipeg proud. In true Winnipeg fashion, recruiting the required number of volunteers was never an issue and those who gave of themselves did so unselfishly, always ensuring that the best possible service was delivered to athletes, support personnel and visitors.

MTS Canada Place at the Forks proved to be one of the Games hot spots and lived up to its reputation as Winnipeg's meeting place. Free daily entertainment on the Royal Bank Main Stage was the way that upwards of 50,000 sport, entertainment and culture enthusiasts spent part of each day during the Games. The lineup of local and international talent rivaled some of the best ever seen on Winnipeg stages. In addition, athlete village entertainment, dubbed "Pan Am Unplugged" provided competitors with more personal and interactive entertainment when they chose not to venture out to local venues.

The Pan Am Games provided Winnipeg with an opportunity to strengthen and promote new north-south economic relationships. The event showcased Winnipeg as an attractive and dynamic place to do business and visit. The short-term focus was to maximize the economic benefits of hosting the Games. More importantly, over the long-term, the economic development strategy was to promote increased trade, investment and tourism between Winnipeg and Pan American countries. An economic impact assessment prepared prior to the Games projected total employment associated with the Games at 3,700 person-years and $28.5 million in incremental expenditures in Manitoba alone.

The Games were committed to environmental responsibility in all aspects of planning and decision-making. The focus of effort was on:

- food operations—reduce natural resource inputs, reuse materials and supplies, recycle or compost unavoidable waste;
- paper—maximize electronic communication, paper recycling, using recycled content paper;

- transportation—reduce harmful emissions by using mass transportation and encouraging non-motorized forms of transportation (walking, cycling, rollerblading);
- construction—use recycled materials, post-Games reuse of temporary facilities, legacy value of permanent facilities.

The 1999 Pan Am Games were broadcast throughout North, Central and South America including the Caribbean. CBC and Netstar Communications (TSN/RDS) provided joint coverage. As host broadcaster, CBC provided picture and sound for all international rightsholders. CBC also provided 35 hours of prime time coverage and Netstar supplemented this with 65 hours of daytime coverage on TSN and French-language RDS. These were the most widely televised Pan Am Games in history.

The legacy of the Pan Am Games will serve the sporting community and general population of Winnipeg, Manitoba and Canada for decades to come: improved sport facilities will aid in developing high performance athletes; new sport equipment has been left for Provincial Sport Association use; well-developed organizational abilities and an army of trained volunteers makes Winnipeg an attractive place to host future national and international events; the economic spin-offs are immense and the future potential is immeasurable; the financial legacy left to the National Sports Center—Manitoba will ensure a high caliber of support to developmental athletes and those of international caliber from this province; the profile of Winnipeg was raised among Latin, Central American and Caribbean countries which will translate into future tourism and economic benefits; the thousands of sport and non-sport enthusiasts that flocked to the Forks daily throughout the Games re-established this site as Winnipeg's meeting place; the Games brought a vitality to downtown and demonstrated what a people-friendly place the downtown can be.

The 1999 Pan American Games captured the hearts of Winnipeggers certainly, but it also demonstrated the warmth and friendliness of our community to millions throughout the world. The spirit, enthusiasm and pride of Winnipeggers has never been more evident. Our community had a vibrant and inviting look and feel. Everyday stresses of life were put aside and every citizen became an ambassador for our great community.

The Games were a tremendous success operationally and financially as the result of the tremendous effort of the 1999 Pan American Games Society (Wpg. 1999) Inc. in partnership with the three levels of government and the corporate community. Our collective challenge is to ensure that the success of sixteen days in the summer of 1999 lives on to benefit current and future generations.

Plan Winnipeg Under Review in 1999

Plan Winnipeg...Toward 2010: Called Plan Winnipeg for short, is the City's current long range policy plan, having been adopted as a by-law of the City of Winnipeg on June 23, 1993, replacing the original Plan Winnipeg of 1986. According to the City of Winnipeg Act, Plan Winnipeg must undergo periodic comprehensive reviews. The review will result in a new Plan, to be called Plan Winnipeg... 2020 Vision, which is expected to be adopted by Council in 2000.

On January 28, 1999, Mayor Glen Murray appointed a five member committee comprising Councillors Jenny Gerbasi, Jae Eadie, Mark Lubosch, John Prystanski, and Daniel Vandal as chair, to undertake the review.

The Plan Winnipeg Review Committee established three goals for the review:

The first goal was to ensure the relevance of the Plan by updating the policies contained within it as necessary. This was addressed by reviewing all existing policies in the current plan, by integrating into the new Plan policy recommendations recently adopted by Council, by evaluating the merits of policy proposals that have been brought to Council in recent years, and by undertaking primary research related to demographics and retail development.

The second goal was to ensure the ability to evaluate the effectiveness of the Plan by building into it a system of performance measurement. This was addressed through the development of quality of life indicators. These indicators will provide one means of evaluating the effectiveness of the Plan by providing a framework by which the quality of life in Winnipeg can be measured over time. There is also a commitment to report on civic accomplishments in relation to the Plan on an annual basis.

The third goal was to strengthen accountability to the Plan by ensuring its connection to major decision-making processes. This was addressed by linking the policies of the Plan to the work that has taken place in the organization toward the development of service-based budgeting. Each service provided by the City has been linked to its relevant policy statements in the Plan and this information will allow for more informed planning and budgeting in the future.

Preliminary public consultation began in the fall of 1998 and resulted in over 300 individuals and groups participating in a series of workshops. These were carried out to clarify the vision statement in Plan Winnipeg... Toward 2010 which focuses on the notion of quality of life. This consultation provided the basis for the development of the quality of life indicators. It also resulted in a restructuring of the five chapters of the Plan into five new chapters that more closely reflect the components of quality of life expressed by the community. These are:

- *The Downtown and Neighbourhoods*
- *Government and the Economy*
- *Planned Development, Transportation, and Infrastructure*
- *Public Safety, Health, and Education*
- *Environment, Image, and Amenities*

The Review Committee transposed the policy statements from the current plan into this new framework and then conducted a comprehensive review of those policies. A draft plan with updated policies was then brought forward in August 1999, to begin the process of public and internal discussion.

Simultaneously, consultants were hired to undertake two in-depth studies: one to review the retail policies in the Plan based on an analysis of national and local retail information and trends, and the other to review demographic and economic trends in Winnipeg including the preparation of population projections.

In September 1999, a Council Seminar was held on the draft plan. This was followed by an informal Public Hearing in October where 25 public presentations and submissions were received. Comments were also invited from those individuals and groups on the mailing list. Based on this input and on the findings of the consultant studies which were completed late in the year, the Review Committee undertook another major rewriting of the Plan.

This new draft will provide the foundation for the Plan Winnipeg by-law which will be presented for Council adoption early in the new year.

Message from the Director of Corporate Finance

In accordance with **The City of Winnipeg Act**, the Director of Corporate Finance, in his role as City Treasurer, is required to submit to Council and to the Minister responsible for the Act, an audited report covering the annual financial statements. These financial statements include the consolidated results of The City of Winnipeg, comprising the General Tax-Supported Funds, the Reserve and Service Funds, City-owned Utilities, and wholly-owned Corporations.

The Consolidated Financial Statements of The City of Winnipeg provide important information about the overall financial condition of the City. They form a comprehensive financial picture used by Council and senior levels of government, as well as by other interested readers including the citizens of Winnipeg, private investors, credit rating agencies, other municipalities and the media.

For 1999, the City reported consolidated revenues of $1,043 million and consolidated expenses of $974 million. The result is a net surplus of $68.5 million which translates into Reserves growing by $59.8 million, and Accumulated Surpluses by $8.7 million.

The growth in Reserves can be attributed to three major factors. The first factor is the deferral of capital spending in certain programs including water treatment, and infrastructure renewal and rehabilitation of combined sewers. The second factor is internally financing capital projects which resulted in a $17.0 million growth in the General Reserve. The growth in the Reserve, which is in effect a pay-as-you-go program, has eliminated external borrowing requirements from the 2000 to 2005 tax-supported capital budget. Internal financing from the General Reserve is projected to increase to $61 million by 2004 which will eliminate the need for any future external borrowing authorization on the tax-supported side.

Finally, the City has focused on continuing to build certain Stabilization Reserve balances to cover future uncertainties. During 1999, The Public Works Department transferred $2.3 million in unexpended snow clearing costs to the Snow Clearing Reserve. Meanwhile, due to supplementary additions to the tax roll, the Fiscal Stabilization Reserve grew by $6.8 million and the Mill Rate Stabilization Reserve increased by $1.1 million due to the surplus transferred from the Tax-Supported (General Revenue) Fund.

The continued improvement in the City's financial position has resulted in the Canadian Bond Rating Services upgrading the City's rating outlook from stable to positive. Standard & Poor's also upgraded its rating to stable from negative and the Dominion Bond Rating Agency initiated coverage of the City establishing the City's rating at AA–. In January of 1999, the City launched two successful debenture issues in the Capital Markets. These debentures were issued at historically favourable interest rates. A thirty-year $30.0 million issue for Winnipeg Hydro at 5.9%, and a ten-year $50.0 million issue for the City at 5.35%.

As in other years, change was the norm at the City. Due to the accrual of certain employee benefits and environmental liabilities, The City's 1999 Financial Statements for the first time in history, were prepared in accordance with generally accepted accounting principles, which resulted in a clean audit opinion from Deloitte & Touche, the City's external auditors. As well during 1999, the Corporate Finance Department developed, coordinated and consulted with departments in the completion of the City's 2nd Edition Business Planning Workbook. This was the first year that all departments prepared and submitted a business plan consistent with the City's own model outlined in the Workbook. The Workbook received national recognition from the Canadian Association of Municipal Administrators and the Royal Bank of Canada for excellence in Municipal Administration in the 1999 Awards Program. During the year we also received recognition by the Government Finance Officers' Association for our budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device.

In closing, I would like to thank all those who have contributed to the preparation of this Annual Report and these consolidated financial statements, including the CAO Secretariat's Office, Senior Management, Corporate Services Department—Communications Division, and in particular, staff within the Corporate Finance Department.

Respectfully submitted,

R. Keith Dowdall

R. Keith Dowdall
Director of Corporate Finance

Responsibility for Financial Reporting

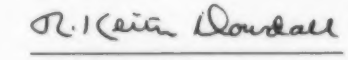
The accompanying Consolidated Financial Statements and all other information contained in this Annual Report are the responsibility of the management of The City of Winnipeg. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depends on future events. These Consolidated Financial Statements have been prepared by management within reasonable limits of materiality and within the framework of generally accepted accounting principles.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Prior to their submission to Council, the Consolidated Financial Statements are reviewed and approved by the Audit Committee—the Mayor, the Deputy Mayor, and chairpersons of Council's Standing Committees. In addition, the Audit Committee meets periodically with management and with both the City's internal and external auditors to approve the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged. The committee is readily accessible to external and internal auditors.

Deloitte & Touche, Chartered Accountants, as the City's appointed external auditors, have audited the Consolidated Financial Statements. The Auditors' Report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with generally accepted auditing standards, performing such tests and other procedures as they consider necessary in order to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatements and present fairly the financial position and results of operations of the City in accordance with generally accepted accounting principles.

Robert P. Gannon
Chief Financial Officer



R. Keith Dowdall
Director of Corporate Finance

Deloitte & Touche

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Auditors' Report

To the Mayor and Members of City Council
The City of Winnipeg

We have audited the consolidated statement of financial position of the City of Winnipeg as at December 31, 1999 and the consolidated statements of operations, equity and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The City of Winnipeg as at December 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
April 7, 2000

Deloitte Touche Tohmatsu

M121

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of dollars)	1999	1998 (Restated—Note 24)
ASSETS		
Current		
Cash and short-term investments	$ 273,818	$ [illegible]
Accounts receivable (Note 3)	132,852	[illegible]
Inventories and supplies	15,994	[illegible]
Prepaid expenses	1,355	[illegible]
	423,019	[illegible]
Long-term investments (Note 4)	62,234	[illegible]
Capital assets (Note 5)	1,176,378	[illegible]
Deferred charges (Note 6)	5,114	[illegible]
	$ 1,665,744	$ [illegible]
LIABILITIES		
Current		
Notes payable (Note 7)	$ 97,162	$ [illegible]
Accounts payable and accrued liabilities (Note 8)	158,488	[illegible]
Deferred revenue (Note 9)	6,715	[illegible]
Current portion of long-term debt (Note 10)	51,811	[illegible]
	314,523	[illegible]
Long-term debt (Note 10)	851,725	[illegible]
Other liabilities (Note 11)	14,817	[illegible]
Retirement allowance and vacation liability (Note 12)	92,313	[illegible]
	1,273,178	[illegible]
Commitments and contingencies (Note 13)		
EQUITY		
Reserves (Note 14)	288,988	[illegible]
Surplus (Note 15)	103,578	[illegible]
	392,566	[illegible]
	$ 1,665,744	$ [illegible]

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Audit Committee:

Glen Murray
Mayor

Bill Clement
Chairperson, Fiscal Issues Committee

CONSOLIDATED STATEMENT OF OPERATIONS AND EQUITY

For the years ended December 31 (in thousands of dollars)	1999	1998 (Restated—Note 24)
REVENUES		
Taxation (Note 16)	$	
Sales of services and regulatory fees (Note 17)		
Government grants and transfers (Notes 18 and 23)		
Interest		
Land sales, gains on disposal of investments and other revenue		
Total Revenues		
EXPENSES		
Utility operations		
Protection and community services (Note 23)		
Public works		
General government		
Finance and administration		
Property and development		
Civic corporations		
Land, servicing, animal and other costs		
Total Expenses		
EXCESS OF REVENUES OVER EXPENSES		
EQUITY, BEGINNING OF YEAR		
EQUITY, END OF YEAR	$	

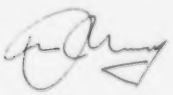
See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

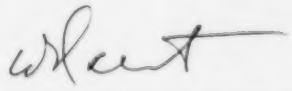
As at December 31 (in thousands of dollars)		**1999**		1998 (Restated—Note 24)
Current				
Cash and short-term investments	$	**273,818**	$	**138,192**
Accounts receivable (Note 3)		**132,852**		**164,305**
Inventories and supplies		**15,594**		**15,179**
Prepaid expenses		**1,356**		**1,858**
		423,620		**319,534**
Long term investments (Note 4)		**62,254**		**39,718**
Capital assets (Note 5)		**1,176,378**		**1,167,168**
Deferred charges (Note 6)		**3,114**		**6,371**
	$	**1,665,366**	$	**1,532,791**
Current				
Notes payable (Note 7)	$	**97,162**	$	**55,674**
Accounts payable and accrued liabilities (Note 8)		**158,635**		**161,549**
Deferred revenue (Note 9)		**6,715**		**5,453**
Current portion of long-term debt (Note 10)		**51,811**		**50,700**
		314,323		**273,376**
Long-term debt (Note 10)		**851,725**		**830,037**
Other liabilities (Note 11)		**16,817**		**16,793**
Retirement allowance and vacation liability (Note 12)		**92,313**		**90,887**
		1,275,178		**1,211,093**
Commitments and contingencies (Note 13)				
Reserves (Note 14)		**286,950**		**227,164**
Surplus (Note 15)		**103,238**		**94,534**
		390,188		**321,698**
	$	**1,665,366**	$	**1,532,791**

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Audit Committee:



Glen Murray
Mayor



Bill Clement
Chairperson, Fiscal Issues Committee

CONSOLIDATED STATEMENT OF OPERATIONS AND EQUITY

For the years ended December 31 (in thousands of dollars)	**1999**	1998 (Restated - Note 24)
REVENUES		
Taxation (Note 16)	$ **485,786**	$ 479,652
Sales of services and regulatory fees (Note 17)	**402,968**	392,884
Government grants and transfers (Notes 18 and 23)	**96,318**	140,825
Interest	**32,629**	24,345
Land sales, gains on disposal of investments and other revenue	**25,265**	13,215
Total Revenues	**1,042,966**	1,050,921
EXPENSES		
Utility operations	**335,846**	309,724
Protection and community services (Note 23)	**253,351**	292,046
Public works	**199,871**	202,029
General government	**63,139**	73,820
Finance and administration	**50,776**	48,037
Property and development	**39,154**	36,167
Civic corporations	**26,576**	25,263
Land, servicing, animal and other costs	**5,763**	5,917
Total Expenses	**974,476**	993,003
EXCESS OF REVENUES OVER EXPENSES	**68,490**	57,918
EQUITY, BEGINNING OF YEAR	**321,698**	263,780
EQUITY, END OF YEAR	$ **390,188**	$ 321,698

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the years ended December 31 (in thousands of dollars)		1999		1998 (Restated—Note 24)
Net inflow (outflow) of cash related to the following activities:				
OPERATING				
Excess of revenues over expenses	$	68,490	$	57,918
Non-cash charges to operations				
Depreciation		86,911		85,635
Amortization of debenture discount		1,949		1,627
Amortization of foreign exchange		853		525
Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees")		(17,760)		(12,931)
Other		(409)		5,228
Working capital from operations		140,034		138,002
Net change in working capital other than cash assets		30,999		22,626
		171,033		160,628
FINANCING				
Debenture and serial debt issues		80,000		—
Debenture and serial debt retired		(9,657)		(39,327)
Sinking fund investments applied to debt redemption		1,667		31,666
Sinking fund debenture installments		(38,603)		(39,510)
Other		6,241		2,434
		39,648		(44,737)
INVESTING				
Purchase of capital assets		(125,596)		(112,784)
Government of Canada capital grants		1,189		885
Province of Manitoba capital grants		27,790		42,054
Purchase of investments		(19,926)		(1,026)
		(116,543)		(70,871)
Increase in cash assets		94,138		45,020
Cash assets, beginning of year		82,518		37,498
Cash assets, end of year	$	176,656	$	82,518
COMPONENTS OF CASH ASSETS				
Cash and short term investments	$	273,818	$	138,192
Notes payable		(97,162)		(55,674)
	$	176,656	$	82,518

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the years ended December 31 (in thousands of dollars)	**1999**	1998 (Restated—Note 24)
Net inflow (outflow) of cash related to the following activities:		
OPERATING		
Excess of revenues over expenses	$	
Non-cash charges to operations		
Depreciation		
Amortization of debenture discount		
Amortization of foreign exchange		
Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees")		
Other		
Working capital from operations		
Net change in working capital other than cash assets		
FINANCING		
Debenture and serial debt issues		
Debenture and serial debt retired		
Sinking fund investments applied to debt redemption		
Sinking fund debenture installments		
Other		
INVESTING		
Purchase of capital assets		
Government of Canada capital grants		
Province of Manitoba capital grants		
Purchase of investments		
Increase in cash assets		
Cash assets, beginning of year		
Cash assets, end of year	$	
COMPONENTS OF CASH ASSETS		
Cash and short-term investments	$	
Notes payable		
	$	

See accompanying notes to the consolidated financial statements.

As at December 31, 1999
(in thousands of dollars, except as noted)

1. STATUS OF THE CITY OF WINNIPEG

The City of Winnipeg ("the City") is a single-tier municipality created on January 1, 1972 pursuant to **The City of Winnipeg Act**, a statute of the Legislature of the Province of Manitoba ("the Province"). The City provides municipal services such as police, fire, ambulance, public works, health and social, urban planning, parks and recreation, library and other general government operations. The City owns and operates a number of public utilities, has several designated special purpose reserves and provides funding support for other financial entities involved in economic development, recreation, entertainment, convention, tourism and housing activities.

The City is required by **The Public Schools Act** to bill, collect and remit provincial education support levies in respect of residential and other properties on behalf of the Province, and school division special levies on behalf of school divisions. The City has no jurisdiction or control over the school divisions' operations or their mill rate increases and therefore, the financial statements of the school divisions do not form part of the City's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the determination of financial data frequently depends upon future events. These consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles, within reasonable limits of materiality. The significant accounting policies are summarized as follows:

a) Consolidation principles and basis of presentation

The consolidated financial statements of the City include the assets, liabilities, reserves, surpluses/deficits, revenues and expenses of those City funds and governmental functions or entities which have been determined to comprise a part of the aggregate City operations based upon ownership or control exercised by the City. Interfund and intercorporate balances and transactions have been eliminated except for amounts related to services offered commercially including utility charges. The consolidated financial statements include the following:

General Capital Fund
General Revenue Fund
General Revenue Enterprises Fund
Special Revenue Reserves:
- Land Operating Reserve Fund
- Contributions in Lieu of Land
- Dedication Reserve Fund
- Watermain Renewal Reserve Fund
- Zoo Animals Reserve Fund
- Zoo Purposes Reserve Fund
- Combined Sewer Renewal Reserve Fund
- Wastewater Sewer Renewal Reserve Fund
- Water Treatment Reserve Fund
- Environmental Projects Reserve Fund
- Brady Landfill Site Rehabilitation Reserve Fund
- Golf Course Reserve Fund
- Library Reserve Fund
- Aqueduct Rehabilitation Reserve Fund
- Idea Bank Reserve Fund

Perpetual Maintenance Fund—Brookside Cemetery
Perpetual Maintenance Fund—St. Vital Cemetery
Perpetual Maintenance Fund—Transcona Cemetery
Workers Compensation Reserve Fund
Insurance Reserve Fund
Winnipeg Enterprises Corporation
(May 31st Year End)
Winnipeg Housing Rehabilitation Corporation
(March 31st Year End)

Stabilization Reserves:
- General Reserve Fund
- Fiscal Stabilization Reserve Fund
- Equipment Replacement Reserve Fund
- Recreation Programming Reserve Fund
- Transit Bus Replacement Reserve Fund
- Retirement Allowance Reserve Fund
- Snow Clearing Reserve Fund
- Computer Replacement Reserve Fund
- Concession Equipment Replacement Reserve Fund
- Mill Rate Stabilization Reserve Fund
- Commitment Reserve Fund

Pointe Du Bois Generating Station Redevelopment Reserve Fund
Water Treatment Reserve Fund
Brady Landfill Site Rehabilitation Reserve Fund
Hydro Electric System
Transit System
Waterworks System
Sewage Disposal System
Solid Waste Disposal
Equipment and Material Services
Winnipeg Emergency Response Service—Ambulance
Civic Accommodations Fund
Public Works Fund
Winnipeg Public Library Board
The Convention Centre Corporation
Tourism Winnipeg Incorporated
Economic Development Winnipeg

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Consolidation principles and basis of presentation (continued)

The pension and group life insurance funds of the City are administered on behalf of the pension and group life insurance plan participants by the Employee Benefits Board for the payment of pensions and life insurance benefits and accordingly are not included in the consolidated financial statements. In addition, certain trust funds and their related operations administered by the City are not included in the consolidated financial statements.

Separate financial statements for each of the above-noted entities, including the pension, group life insurance and trust funds, are included in the 1999 Detailed Financial Statements Report, a companion document to the City's 1999 Annual Report and Consolidated Financial Statements.

b) Basis of accounting

The consolidated financial statements are generally prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay. Revenue from land sales is recorded in accordance with accounting principles used within the real estate industry.

The accrual basis of accounting is modified in the following circumstances. For the most part, expenses for workers compensation claims, insurance claims, and councillors' pension plan costs are recorded when payment is made.

c) Short-term investments

Short-term investments consist of bankers' acceptance and term deposits and are recorded at cost, which approximates their quoted market value.

d) Inventories

Inventories of materials and supplies are recorded at the lower of cost and net realizable value.

e) Long-term investments

Bonds and debentures are carried at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the remaining terms to maturity with annual amortization computed at amounts which, when combined with actual income received, result in a constant effective yield on the amortized book value.

Bond residues and coupons are carried at cost, plus accrued interest. Interest is accrued on the book value of the investments at a rate equivalent to the effective yield of each investment.

f) Capital assets

Capital assets, including land, financed by debt are recorded at the amount of the related outstanding obligations. These assets are depreciated at an amount equal to the principal repayments of the debt. Assets financed by debentures that are retired prior to maturity are amortized over the remaining expected useful life of the asset. Hydro Electric System capital assets are recorded at cost and are depreciated on a straight-line basis over their expected useful lives. In general, other assets are expensed in the year of purchase.

Cost includes certain interest and overhead expenses incurred during the period the asset is acquired, constructed or developed. Contributions in aid of construction are recorded as a reduction in the cost of the capital asset.

g) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. Assets acquired under capital leases are amortized on a straight-line method using rates based on the estimated life of the asset or based on the lease term as appropriate. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

h) Assessment appeal costs

The City has accrued a liability in these financial statements to reflect the amount of future payments related to the 1998–2001 assessment period, net of certain assessments, which will be deferred and amortized over the balance of the reassessment period.

i) Debenture discounts and issue expenses

Issue expenses are charged to operations in the year of the related debenture issue and discounts on debentures issued are amortized over the life of the debenture. However, on two debenture issues in 1990, the issue expenses as well as the deep discount on one of the issues are being amortized over the life of the debentures.

j) Other deferred charges

The cost of certain initiatives that are long-term in nature and/or provide future economic or operational benefits to the City are deferred and amortized over the future periods to which they relate.

3. ACCOUNTS RECEIVABLE

	1999	1998
Property and business taxes receivable	$ [illegible]	[illegible]
Less: Allowance for property and business tax arrears	[illegible]	[illegible]
	[illegible]	[illegible]
Trade accounts and other receivables	[illegible]	[illegible]
Province of Manitoba	[illegible]	[illegible]
Government of Canada	[illegible]	[illegible]
Less: Allowance for doubtful accounts	[illegible]	[illegible]
	[illegible]	[illegible]
	$ [illegible]	$ [illegible]

4. LONG-TERM INVESTMENTS

	1999	1998
Marketable securities		
Government of Canada bonds, bond residues and coupons	$ [illegible]	[illegible]
Province of Manitoba bonds, bond residues and coupons	[illegible]	[illegible]
	[illegible]	[illegible]
Other investments	[illegible]	[illegible]
	$ [illegible]	$ [illegible]

The aggregate market value of marketable securities at December 31, 1999 was $62.0 million (1998—$44.5 million).

3. ACCOUNTS RECEIVABLE

	1999	1998
Property and business taxes receivable	$ 44,425	$ 39,687
Less: Allowance for property and business tax arrears	(1,994)	(998)
	42,431	38,689
Trade accounts and other receivables	67,408	69,405
Province of Manitoba	21,628	54,994
Government of Canada	7,386	6,263
Less: Allowance for doubtful accounts	(6,001)	(5,046)
	90,421	125,616
	$ 132,852	$ 164,305

4. LONG TERM INVESTMENTS

	1999	1998
Marketable securities		
Government of Canada bonds, bond residues and coupons	$ 35,118	$ 17,760
Province of Manitoba bonds, bond residues and coupons	22,302	16,947
	57,420	34,707
Other investments	4,834	5,011
	$ 62,254	$ 39,718

The aggregate market value of marketable securities at December 31, 1999 was $62.0 million (1998—$44.5 million).

5. CAPITAL ASSETS

	1999	1998
Tax supported municipal structures, facilities and initiatives:		
Streets and bridges	$ 305,349	$ 315,835
Core area initiative and other special projects	152,939	147,077
Civic accommodations, equipment and other property	108,792	96,834
Land drainage sewers	78,688	84,656
Culture and recreation facilities	64,389	64,548
Protection facilities	37,079	30,542
Public transportation vehicles and facilities	33,573	33,467
Local improvements	11,726	14,109
Health and social development facilities	10,595	12,039
	803,130	799,107
Self supporting entities:		
Hydro generation and distribution facilities	177,138	157,271
Sewage collection, treatment and disposal facilities	119,483	128,224
Water supply and distribution facilities	67,473	72,533
Solid waste collection and disposal facilities	9,154	10,033
	373,248	368,061
	$ 1,176,378	$ 1,167,168

Capital assets are stated at cost less accumulated depreciation.

6. DEFERRED CHARGES

	1999	1998
Deferred debenture discounts and issue expenses	$ 2,114	$ 4,093
Other deferred charges	1,000	991
Deferred foreign exchange	—	889
Deferred reorganization costs	—	398
	$ 3,114	$ 6,371

Deferred charges are stated net of accumulated amortization.

7. NOTES PAYABLE

	1999	1998
Civic Employees' Pension Plan	$ 66,171	$ 29,343
Winnipeg Police Pension Plan	22,942	11,864
The Sinking Fund Trustees of The City of Winnipeg	5,112	11,471
Civic Employees' Group Life Insurance Plan	2,925	2,981
Council Members' (Pre-1972) Pension Plan	12	15
	$ 97,162	$ 55,674

The City finances short term borrowing requirements from related entities at market rates of interest.
These notes are callable by the issuers.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1999	1998
Trade accounts payable	$ 45,599	$ 48,743
Accrued liabilities	44,523	45,450
Accrued interest payable	38,754	36,710
Accrual for assessment appeal refunds and interest (Note 19a)	29,759	30,646
	$ 158,635	$ 161,549

9. DEFERRED REVENUE

	1999	1998
Deferred revenue	$ 5,942	$ 4,842
Local improvement taxes commuted	773	611
	$ 6,715	$ 5,453

10. LONG TERM DEBT

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	1999 Amount of Debt	1998 Amount of Debt
1990-2000 (1)	Nov. 5	11.750	VK	5552/90	$ 65,000	$ 65,000
1990-2000	Nov. 5	11.775	VK	5553/90	65,000	65,000
1992-2002	Feb. 19	8.875	VM	5838/92	100,000	100,000
1988-2003 (2)	Feb. 23	10.250	VF	4783/88	100,000	100,000
1993-2003	May 19	8.500	VP	6163/93	125,000	125,000
1991-2004	Nov. 1	10.000	VL	5779/91	38,275	38,275
1990-2005	Oct. 1	11.700	VI	5507/90	68,093	68,093
1999-2009	Feb. 2	5.350	VV	7368/99	50,000	—
1989-2009	Dec. 14	10.000	VH	5286/89	100,000	100,000
1993-2013	Feb. 11	9.375	VN	6090/93	100,000	100,000
1994-2014	Jan. 20	8.000	VQ	6300/94	100,000	100,000
1995-2015	May 12	9.125	VR	6620/95	100,000	100,000
1997-2017	Nov. 17	6.250	VU	7000/97	50,000	50,000
1999-2029	Feb. 2	5.900	VW	7369/99	30,000	—
					1,091,368	1,011,368
Less: equity in Sinking Fund					(345,859)	(291,164)
Net sinking fund debentures outstanding					745,509	720,204

5. CAPITAL ASSETS

	1999	1998
Tax-supported municipal structures, facilities and initiatives:		
Streets and bridges	$	
Core area initiative and other special projects		
Civic accommodations, equipment and other property		
Land drainage sewers		
Culture and recreation facilities		
Protection facilities		
Public transportation vehicles and facilities		
Local improvements		
Health and social development facilities		
Self-supporting entities:		
Hydro generation and distribution facilities		
Sewage collection, treatment and disposal facilities		
Water supply and distribution facilities		
Solid waste collection and disposal facilities		
	$	

Capital assets are stated at cost less accumulated depreciation.

6. DEFERRED CHARGES

	1999	1998
Deferred debenture discounts and issue expenses	$	
Other deferred charges		
Deferred foreign exchange	—	
Deferred reorganization costs	—	
	$	

Deferred charges are stated net of accumulated amortization.

7. NOTES PAYABLE

	1999	1998
Civic Employees' Pension Plan	$	
Winnipeg Police Pension Plan		
The Sinking Fund Trustees of The City of Winnipeg		
Civic Employees' Group Life Insurance Plan		
Council Members' (Pre–1972) Pension Plan		
	$	

The City finances short-term borrowing requirements from related entities at market rates of interest.
These notes are callable by the issuers.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1999	1998
Trade accounts payable	$ [illegible]	$ [illegible]
Accrued liabilities	[illegible]	[illegible]
Accrued interest payable	[illegible]	[illegible]
Accrual for assessment appeal refunds and interest (Note 19a)	[illegible]	[illegible]
	$ [illegible]	$ [illegible]

9. DEFERRED REVENUE

	1999	1998
Deferred revenue	$ [illegible]	$ [illegible]
Local improvement taxes commuted	[illegible]	[illegible]
	$ [illegible]	$ [illegible]

10. LONG-TERM DEBT

Sinking fund debentures outstanding						1999	1998
Term		Maturity Date	Rate of Interest	Series	By-Law No.	Amount of Debt	Amount of Debt
1990–2000	(1)	Nov. 5	11.750	VK	5552/90	$ [illegible]	$ [illegible]
1990–2000		Nov. 5	11.775	VK	5553/90	[illegible]	[illegible]
1992–2002		Feb. 19	8.875	VM	5838/92	[illegible]	[illegible]
1988–2003	(2)	Feb. 23	10.250	VF	4783/88	[illegible]	[illegible]
1993–2003		May 19	8.500	VP	6163/93	[illegible]	[illegible]
1991–2004		Nov. 1	10.000	VL	5779/91	[illegible]	[illegible]
1990–2005		Oct. 1	11.700	VI	5507/90	[illegible]	[illegible]
1999–2009		Feb. 2	5.350	VV	7368/99	[illegible]	–
1989–2009		Dec. 14	10.000	VH	5286/89	[illegible]	[illegible]
1993–2013		Feb. 11	9.375	VN	6090/93	[illegible]	[illegible]
1994–2014		Jan. 20	8.000	VQ	6300/94	[illegible]	[illegible]
1995–2015		May 12	9.125	VR	6620/95	[illegible]	[illegible]
1997–2017		Nov. 17	6.250	VU	7000/97	[illegible]	[illegible]
1999–2029		Feb. 2	5.900	VW	7369/99	[illegible]	–
						[illegible]	[illegible]
Less: equity in Sinking Fund						[illegible]	[illegible]
Net sinking fund debentures outstanding						[illegible]	[illegible]

10. LONG-TERM DEBT (continued)

	1999	1998
Balance carried forward	[redacted]	[redacted]
Other long-term debt outstanding		
Serial and installment debt issued by the City with varying maturities up to 2007 and a weighted average interest rate of 5.00% (1998—6.19%)	[redacted]	
Mortgages and bank loans incurred by Winnipeg Enterprises Corporation and Winnipeg Housing Rehabilitation Corporation with varying maturities up to 2020 and a weighted average interest rate of 8.93% (1998—9.22%)	[redacted]	
Capital lease obligations (Note 10b)	[redacted]	
	[redacted]	
Less: current portion of long-term debt	[redacted]	
Total long-term debt	$ [redacted]	

1. issued at deep discount
2. retractable issue

Long-term debt to be retired over the next five years:

	2000	2001	2002	2003	2004	2005+
Sinking fund debentures	$ 130,000	$ —	$ 100,000	$ 225,000	$ 38,275	$ 598,093
Other long-term debt	12,117	12,270	12,816	12,837	13,265	94,722
	$ 142,117	$ 12,270	$ 112,816	$ 237,837	$ 51,540	$ 692,815

a) **The City of Winnipeg Act** requires the City to make annual payments to The Sinking Fund. The City is currently paying three percent or greater on its outstanding sinking fund debentures. These annual payments are invested by the Sinking Fund for the retirement of the debenture issues on their maturity dates.

Sinking fund debenture issues provide for full sinking fund at maturity except for the following debentures which, as a result of the levies being provided and the terms of the issues, will have sinking fund deficiencies requiring the issues to be refinanced at maturity.

Year of Maturity	Debenture By-Law	Issued Amount	Maturity Shortfall
2000	5552/90	$ 65,000	$ 40,473
2000	5553/90	65,000	40,473
2002	5838/92	100,000	43,400
2003	6163/93	125,000	55,124
2009	7368/99	50,000	30,981

10. LONG-TERM DEBT (continued)

b) Future minimum lease payments under the capital leases together with the balance of the obligation due under the capital leases are as follows:

		Capital Leases
2000	$	2,977
2001		2,924
2002		3,285
2003		2,961
2004		3,061
Thereafter		51,840
Total future minimum lease payments		67,048
Less: amount representing interest at a weighted average rate of 9.42%		(39,832)
Capital lease liability	$	27,216

c) Certain City of Winnipeg debentures are held as investments in the two pension plans for the employees of the City, as follows:

	1999	1998
Civic Employees' Pension Plan	$ [illegible]	[illegible]
Winnipeg Police Pension Plan	[illegible]	[illegible]
	$ [illegible]	[illegible]

d) Interest on long-term debt recorded in the Statement of Operations in 1999 was $107.9 million (1998—$105.8 million).

11. OTHER LIABILITIES

	1999	1998
Deferred:		
Developer deposits	$ [illegible]	[illegible]
Development agreement paybacks	[illegible]	[illegible]
Provision for steam plant demolition	[illegible]	[illegible]
Other deferred liabilities	[illegible]	[illegible]
Local improvement taxes commuted	[illegible]	[illegible]
	[illegible]	[illegible]
Environmental liabilities (Note 19c)	[illegible]	[illegible]
	$ [illegible]	[illegible]

10. LONG TERM DEBT (continued)

	1999	1998
Balance carried forward	745,509	720,204
Other long-term debt outstanding		
Serial and installment debt issued by the City with varying maturities up to 2007 and a weighted average interest rate of 5.00% (1998—6.19%)	89,000	99,912
Mortgages and bank loans incurred by Winnipeg Enterprises Corporation and Winnipeg Housing Rehabilitation Corporation with varying maturities up to 2020 and a weighted average interest rate of 8.93% (1998—9.22%)	41,811	39,224
Capital lease obligations (Note 10b)	27,216	21,397
	903,536	880,737
Less: current portion of long-term debt	(51,811)	(50,700)
Total long-term debt	$ 851,725	$ 830,037

1. issued at deep discount
2. retractable issue

Long-term debt to be retired over the next five years:

	2000	2001	2002	2003	2004	2005+
Sinking fund debentures	$ 130,000	$ —	$ 100,000	$ 225,000	$ 38,275	$ 598,093
Other long-term debt	12,117	12,270	12,816	12,837	13,265	94,722
	$ 142,117	$ 12,270	$ 112,816	$ 237,837	$ 51,540	$ 692,815

a) **The City of Winnipeg Act** requires the City to make annual payments to The Sinking Fund. The City is currently paying three percent or greater on its outstanding sinking fund debentures. These annual payments are invested by the Sinking Fund for the retirement of the debenture issues on their maturity dates.

Sinking fund debenture issues provide for full sinking fund at maturity except for the following debentures which, as a result of the levies being provided and the terms of the issues, will have sinking fund deficiencies requiring the issues to be refinanced at maturity.

Year of Maturity	Debenture By-Law	Issued Amount	Maturity Shortfall
2000	5552/90	$ 65,000	$ 40,473
2000	5553/90	65,000	40,473
2002	5838/92	100,000	43,400
2003	6163/93	125,000	55,124
2009	7368/99	50,000	30,981

10. LONG TERM DEBT (continued)

b) Future minimum lease payments under the capital leases together with the balance of the obligation due under the capital leases are as follows:

		Capital Leases
2000	$	2,977
2001		2,924
2002		3,285
2003		2,961
2004		3,061
Thereafter		51,840
Total future minimum lease payments		67,048
Less: amount representing interest at a weighted average rate of 9.42%		(39,832)
Capital lease liability	$	27,216

c) Certain City of Winnipeg debentures are held as investments in the two pension plans for the employees of the City, as follows:

	1999	1998
Civic Employees' Pension Plan	$ 51,875	$ 61,675
Winnipeg Police Pension Plan	6,400	7,600
	$ 58,275	$ 69,275

d) Interest on long term debt recorded in the Statement of Operations in 1999 was $107.9 million (1998--$105.8 million).

11. OTHER LIABILITIES

	1999	1998
Deferred:		
Developer deposits	$ 5,656	$ 4,818
Development agreement paybacks	2,531	2,606
Provision for steam plant demolition	959	959
Other deferred liabilities	671	637
Local improvement taxes commuted	—	773
	9,817	9,793
Environmental liabilities (Note 19c)	7,000	7,000
	$ 16,817	$ 16,793

12. RETIREMENT ALLOWANCE AND VACATION LIABILITY

		1999		1998
Retirement allowance	$	60,844	$	58,491
Vacation		31,469		32,396
Retirement allowance and vacation liability		92,313		90,887
Accrued liability recorded in the Funds' financial statements		(4,379)		(1,996)
Retirement allowance and vacation reserve (Note 14)	$	87,934	$	88,891

a) Under the retirement allowance plan (including certain sick leave credits) for the majority of employees of the City, unused sick leave credits accumulate and employees with specified minimum service requirements become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). This liability was actuarially calculated as at December 31, 1999.

b) Employees accrue vacation credits, which together with unused holidays from previous years, generally become a charge to operations in the year that they are earned.

13. COMMITMENTS AND CONTINGENCIES

The following significant commitments and contingencies existed at December 31, 1999:

a) The City has entered into a number of lease agreements mainly for the lease of accommodation for civic offices and office equipment. Future minimum lease payments are as follows:

		Operating Leases
2000	$	3,961
2001		3,556
2002		2,973
2003		2,005
Thereafter		2,704

b) The City is defendant in five significant lawsuits as at December 31, 1999. At this time the ultimate liability is not determinable. Other contingent liabilities consisting of routine claims for street and sidewalk accidents, property damage, etc. will be accounted for as revenue or expense in the period which the settlement occurs.

c) The City has also unconditionally guaranteed the payment of principal and interest on capital improvement loans for several community centres. The outstanding balance on these loans as at December 31, 1999 is $12.4 million (1998—$8.3 million).

d) The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this liability at December 31, 1999 is estimated at $3.0 million (1998—$2.2 million). A reserve amount of $4.2 million (1998—$4.1 million) has been provided for in respect of this liability.

14. RESERVES

Consolidated reserves consist of the following restricted reserves established under section 338 of **The City of Winnipeg Act**.

	1999	1998
Water Treatment Reserve Fund	$ 26,420	$ 14,657
Equipment Replacement Reserve Fund	24,139	19,710
Pointe Du Bois Generating Station Replacement Reserve Fund	16,402	13,556
Combined Sewer Renewal Reserve Fund	15,842	13,047
Fiscal Stabilization Reserve Fund	13,582	6,763
Environmental Projects Reserve Fund	11,373	10,117
Insurance Reserve Fund	8,580	7,986
Watermain Renewal Reserve Fund	8,080	8,879
Commitment Reserve Fund	7,814	2,115
Perpetual Maintenance Fund—Brookside Cemetery	7,232	6,705
Land Operating Reserve Fund	6,110	3,498
Mill Rate Stabilization Reserve Fund	5,170	3,847
Aqueduct Rehabilitation Reserve Fund	4,855	4,790
Snow Clearing Reserve Fund	4,359	1,962
Workers Compensation Reserve Fund	4,215	4,088
Contributions in Lieu of Land Dedication Reserve Fund	2,759	3,022
Retirement Allowance Reserve Fund	2,505	2,074
Library Reserve Fund	1,682	981
Idea Bank Reserve Fund	1,273	277
Golf Course Reserve Fund	1,167	1,002
Transit Bus Replacement Reserve Fund	1,055	4,830
Zoo Animals Reserve Fund	675	703
Recreation Programming Reserve Fund	666	301
Brady Landfill Rehabilitation Reserve Fund	632	455
Wastewater Sewer Renewal Reserve Fund	540	463
Zoo Purposes Reserve Fund	473	394
Perpetual Maintenance Fund—St. Vital Cemetery	367	339
Perpetual Maintenance Fund—Transcona Cemetery	261	240
Computer Replacement Reserve Fund	168	55
Concession Equipment Reserve Fund	159	131
	178,555	136,987
Other Reserves:		
Winnipeg Housing Rehabilitation Corporation Reserves	1,735	1,470
Winnipeg Enterprises Corporation —Reserve for Major Improvements	329	306
	180,619	138,763
General Reserve Fund	201,265	184,292
Less: Environmental liabilities (Note 11)	(7,000)	(7,000)
Retirement allowance and vacation (Note 12)	(87,934)	(88,891)
	106,331	88,401
	$ 286,950	$ 227,164

12. RETIREMENT ALLOWANCE AND VACATION LIABILITY

	1999	1998
Retirement allowance	$ [illegible]	[illegible]
Vacation	[illegible]	[illegible]
Retirement allowance and vacation liability	[illegible]	[illegible]
Accrued liability recorded in the Funds' financial statements	[illegible]	[illegible]
Retirement allowance and vacation reserve (Note 14)	$ [illegible]	[illegible]

a) Under the retirement allowance plan (including certain sick leave credits) for the majority of employees of the City, unused sick leave credits accumulate and employees with specified minimum service requirements become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). This liability was actuarially calculated as at December 31, 1999.

b) Employees accrue vacation credits, which together with unused holidays from previous years, generally become a charge to operations in the year that they are earned.

13. COMMITMENTS AND CONTINGENCIES

The following significant commitments and contingencies existed at December 31, 1999:

a) The City has entered into a number of lease agreements mainly for the lease of accommodation for civic offices and office equipment. Future minimum lease payments are as follows:

	Operating Leases
2000	$ 3,961
2001	3,556
2002	2,973
2003	2,005
Thereafter	2,704

b) The City is defendant in five significant lawsuits as at December 31, 1999. At this time the ultimate liability is not determinable. Other contingent liabilities consisting of routine claims for street and sidewalk accidents, property damage, etc. will be accounted for as revenue or expense in the period which the settlement occurs.

c) The City has also unconditionally guaranteed the payment of principal and interest on capital improvement loans for several community centres. The outstanding balance on these loans as at December 31, 1999 is $12.4 million (1998—$8.3 million).

d) The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this liability at December 31, 1999 is estimated at $3.0 million (1998—$2.2 million). A reserve amount of $4.2 million (1998—$4.1 million) has been provided for in respect of this liability.

14. RESERVES

Consolidated reserves consist of the following restricted reserves established under section 338 of **The City of Winnipeg Act**.

	1999	1998
Water Treatment Reserve Fund	$ [illegible]	$ [illegible]
Equipment Replacement Reserve Fund	[illegible]	[illegible]
Pointe Du Bois Generating Station Replacement Reserve Fund	[illegible]	[illegible]
Combined Sewer Renewal Reserve Fund	[illegible]	[illegible]
Fiscal Stabilization Reserve Fund	[illegible]	[illegible]
Environmental Projects Reserve Fund	[illegible]	[illegible]
Insurance Reserve Fund	[illegible]	[illegible]
Watermain Renewal Reserve Fund	[illegible]	[illegible]
Commitment Reserve Fund	[illegible]	[illegible]
Perpetual Maintenance Fund—Brookside Cemetery	[illegible]	[illegible]
Land Operating Reserve Fund	[illegible]	[illegible]
Mill Rate Stabilization Reserve Fund	[illegible]	[illegible]
Aqueduct Rehabilitation Reserve Fund	[illegible]	[illegible]
Snow Clearing Reserve Fund	[illegible]	[illegible]
Workers Compensation Reserve Fund	[illegible]	[illegible]
Contributions in Lieu of Land Dedication Reserve Fund	[illegible]	[illegible]
Retirement Allowance Reserve Fund	[illegible]	[illegible]
Library Reserve Fund	[illegible]	[illegible]
Idea Bank Reserve Fund	[illegible]	[illegible]
Golf Course Reserve Fund	[illegible]	[illegible]
Transit Bus Replacement Reserve Fund	[illegible]	[illegible]
Zoo Animals Reserve Fund	[illegible]	[illegible]
Recreation Programming Reserve Fund	[illegible]	[illegible]
Brady Landfill Rehabilitation Reserve Fund	[illegible]	[illegible]
Wastewater Sewer Renewal Reserve Fund	[illegible]	[illegible]
Zoo Purposes Reserve Fund	[illegible]	[illegible]
Perpetual Maintenance Fund—St. Vital Cemetery	[illegible]	[illegible]
Perpetual Maintenance Fund—Transcona Cemetery	[illegible]	[illegible]
Computer Replacement Reserve Fund	[illegible]	[illegible]
Concession Equipment Reserve Fund	[illegible]	[illegible]
	[illegible]	[illegible]
Other Reserves:		
Winnipeg Housing Rehabilitation Corporation Reserves	[illegible]	[illegible]
Winnipeg Enterprises Corporation —Reserve for Major Improvements	[illegible]	[illegible]
	[illegible]	[illegible]
General Reserve Fund	[illegible]	[illegible]
Less: Environmental liabilities (Note 11)	[illegible]	[illegible]
Retirement allowance and vacation (Note 12)	[illegible]	[illegible]
	[illegible]	[illegible]
	$ [illegible]	$ [illegible]

15. SURPLUS

Consolidated surplus consists of the following individual fund surpluses/(deficits):

	1999	1998
Appropriated		
Sewage Disposal System	$	
Waterworks System		
General Capital Fund		
Unappropriated		
Hydro Electric System		
Sewage Disposal System		
Waterworks System		
Solid Waste Disposal		
The Sinking Fund Trustees of The City of Winnipeg		
General Revenue Enterprises Fund		
Transit System		
Economic Development Winnipeg		
Winnipeg Public Library Board		
Tourism Winnipeg Incorporated		
The Convention Centre Corporation		
Equipment and Material Services		
Winnipeg Housing Rehabilitation Corporation		
	$	

16. TAXATION

	1999	1998
Municipal and school property taxes	$	
Payments in lieu of property (municipal and school) and business taxes		
Less: Payments to Province and school divisions		
Net property taxes and payments in lieu of property and business taxes available for municipal purposes		
Business tax and license in lieu of business tax		
Local improvement and frontage levies		
Electricity and gas sales taxes		
Amusement tax and mobile home license		
	$	

The property tax roll includes school taxes of $340.4 million (1998—$328.8 million) assessed and levied on behalf of the Province of Manitoba and school divisions. Payments in lieu of school taxes assessed in 1999 totalled $28.5 million (1998—$28.0 million) and are treated the same as school taxes. School taxes and payments in lieu of school taxes are remitted to the Province and school divisions based upon a formula and schedule set by the Province of Manitoba. When property taxes are reduced due to an assessment reduction the City is compelled by legislation to refund both the municipal and school taxes with applicable interest.

17. SALES OF SERVICES AND REGULATORY FEES

	1999	1998
Water sales and sewage services	$ [illegible]	[illegible]
Electricity sales	[illegible]	[illegible]
Other sales of goods and services	[illegible]	[illegible]
Transit fares	[illegible]	[illegible]
Regulatory fees	[illegible]	[illegible]
	$ [illegible]	$ [illegible]

18. GOVERNMENT GRANTS AND TRANSFERS

	1999	1998
Province of Manitoba grants:		
Tax sharing	$ [illegible]	$ [illegible]
Ambulance, libraries and other	[illegible]	[illegible]
Unconditional	[illegible]	[illegible]
Transit	[illegible]	[illegible]
Social assistance	[illegible]	[illegible]
Support	[illegible]	[illegible]
Services transferred to the Province (Note 23)	[illegible]	[illegible]
	[illegible]	[illegible]
Government of Canada grants:		
Canada Mortgage and Housing Corporation	[illegible]	[illegible]
Dutch elm disease program, job training and other	[illegible]	[illegible]
	[illegible]	[illegible]
	$ [illegible]	$ [illegible]

19. MEASUREMENT UNCERTAINTY

a) Assessment Appeal Refunds and Interest

In compliance with **The Municipal Assessment Act**, the City has since 1987, moved to an assessment system based on current market value. The amounts recorded for the cost of tax refunds and related interest are based on estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Winnipeg Hydro Power Agreement

The provisions relating to the interpretation and application of the Arbitrator's decision on the Power Agreement for power purchased between April 1, 1994 to March 31, 1997 and the timing of the final billing related to power purchased during the period April 1, 1998 to December 31, 1998 are based on estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

c) Environmental Liabilities

In 1999, the City has accrued an overall liability for environmental matters in the amount of $7.0 million (1998—$7.0 million) which represents management's best estimate of this liability. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

20. PENSION COSTS AND OBLIGATIONS

a) Employees' Pension Plan

An actuarial valuation of both the Regular Account and the Supplementary Account was made as of December 31, 1998 by Western Compensation & Benefits Consultants of the Civic Employees Pension Plan and the Winnipeg Police Pension Plan. The assumptions used by the actuary were approved by the Employee Benefits Board and the Police Pension Board as best estimates of possible future experience for purposes of preparing this note to the financial statements.

15. SURPLUS

Consolidated surplus consists of the following individual fund surpluses/(deficits):

	1999	1998
Appropriated		
Sewage Disposal System	$ 6,888	$ 3,615
Waterworks System	2,472	61
General Capital Fund	1,046	1,045
	10,406	4,721
Unappropriated		
Hydro Electric System	33,834	29,989
Sewage Disposal System	31,012	26,228
Waterworks System	8,461	13,384
Solid Waste Disposal	7,752	8,193
The Sinking Fund Trustees of The City of Winnipeg	7,000	4,580
General Revenue Enterprises Fund	3,396	2,646
Transit System	2,581	3,086
Economic Development Winnipeg	334	264
Winnipeg Public Library Board	56	16
Tourism Winnipeg Incorporated	39	22
The Convention Centre Corporation	(344)	(419)
Equipment and Material Services	(438)	2,734
Winnipeg Housing Rehabilitation Corporation	(851)	(910)
	92,832	89,813
	$ 103,238	$ 94,534

16. TAXATION

	1999	1998
Municipal and school property taxes	$ 703,810	$ 687,427
Payments in lieu of property (municipal and school) and business taxes	53,965	53,096
	757,775	740,523
Less: Payments to Province and school divisions	(368,983)	(356,771)
Net property taxes and payments in lieu of property and business taxes available for municipal purposes	388,792	383,752
Business tax and license in lieu of business tax	55,730	56,553
Local improvement and frontage levies	26,154	24,990
Electricity and gas sales taxes	13,054	12,750
Amusement tax and mobile home license	2,056	1,607
	$ 485,786	$ 479,652

The property tax roll includes school taxes of $340.4 million (1998—$328.8 million) assessed and levied on behalf of the Province of Manitoba and school divisions. Payments in lieu of school taxes assessed in 1999 totalled $28.5 million (1998—$28.0 million) and are treated the same as school taxes. School taxes and payments in lieu of school taxes are remitted to the Province and school divisions based upon a formula and schedule set by the Province of Manitoba. When property taxes are reduced due to an assessment reduction the City is compelled by legislation to refund both the municipal and school taxes with applicable interest.

17. SALES OF SERVICES AND REGULATORY FEES

	1999	1998
Water sales and sewage services	$ 144,596	$ 138,791
Electricity sales	117,944	118,185
Other sales of goods and services	70,361	68,110
Transit fares	45,425	44,680
Regulatory fees	24,642	23,118
	$ 402,968	$ 392,884

18. GOVERNMENT GRANTS AND TRANSFERS

	1999	1998
Province of Manitoba grants:		
Tax sharing	$ 44,517	$ 36,990
Ambulance, libraries and other	21,808	19,637
Unconditional	19,588	19,588
Transit	16,339	16,339
Social assistance	9,196	39,707
Support	7,911	7,927
Services transferred to the Province (Note 23)	(23,500)	—
	95,859	140,188
Government of Canada grants:		
Canada Mortgage and Housing Corporation	396	544
Dutch elm disease program, job training and other	63	93
	459	637
	$ 96,318	$ 140,825

19. MEASUREMENT UNCERTAINTY

a) Assessment Appeal Refunds and Interest

In compliance with **The Municipal Assessment Act**, the City has since 1987, moved to an assessment system based on current market value. The amounts recorded for the cost of tax refunds and related interest are based on estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Winnipeg Hydro Power Agreement

The provisions relating to the interpretation and application of the Arbitrator's decision on the Power Agreement for power purchased between April 1, 1994 to March 31, 1997 and the timing of the final billing related to power purchased during the period April 1, 1998 to December 31, 1998 are based on estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

c) Environmental Liabilities

In 1999, the City has accrued an overall liability for environmental matters in the amount of $7.0 million (1998 – $7.0 million) which represents management's best estimate of this liability. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

20. PENSION COSTS AND OBLIGATIONS

a) Employees' Pension Plan

An actuarial valuation of both the Regular Account and the Supplementary Account was made as of December 31, 1998 by Western Compensation & Benefits Consultants of the Civic Employees Pension Plan and the Winnipeg Police Pension Plan. The assumptions used by the actuary were approved by the Employee Benefits Board and the Police Pension Board as best estimates of possible future experience for purposes of preparing this note to the financial statements.

20. PENSION COSTS AND OBLIGATIONS (continued)

a) Employees' Pension Plan (continued)

The demographic assumptions were chosen after a detailed analysis of past experience. The economic assumptions reflect expected long term market conditions. This valuation was extrapolated to December 31, 1999 to determine the actuarial present value of accrued pension benefits disclosed below.

For the Regular Account, the actuarial present value of accrued benefits was determined using the projected benefit method pro-rated on services. The present value of the accrued pension obligations and the pension fund assets available to meet these obligations are as follows:

	1999	1998
Civic Employees' Pension Plan		
Pension fund assets, at actuarial value	$ 2,260,118	$ 2,012,988
Accrued pension obligations	$ 1,665,434	$ 1,602,138
Winnipeg Police Pension Plan		
Pension fund assets, at actuarial value	$ 494,477	$ 435,269
Accrued pension obligations	$ 400,747	$ 373,227

Funds from the Supplementary Account may only be used to provide cost of living adjustment to pensioners. The actuarial value of net assets will be used to fund cost of living adjustments already granted to pensions in payment plus future refunds of contributions to the Supplementary Account and future cost of living increases for retirees and current employees, as follows:

	1999	1998
Civic Employees' Pension Plan		
Cost of living adjustments already granted	$ 96,573	$ 94,052
Future cost of living increases	259,083	220,393
	$ 355,656	$ 314,445
Winnipeg Police Pension Plan		
Cost of living adjustments already granted	$ 21,380	$ 20,165
Future cost of living increases	48,497	41,258
	$ 69,877	$ 61,423

The most recent actuarial valuation for funding purposes of the Employee Benefits Program, as at December 31, 1998, disclosed new actuarial surplus since 1994 in the Regular Account of $266.147 million, a contingency reserve in the amount of $78.863 million and a balance of actuarial surplus from the 1994 valuation available for benefit improvements in the amount of $73.228 million.

On December 15, 1999, City Council and all of the unions representing the City of Winnipeg employees in the Plan approved the restructuring of the Employee Benefits Program. The Program will become jointly trusteed, with current and future surpluses or deficits being shared equally between the City and plan members. The City's share of the surplus will be available to finance contribution holidays or reductions of its contributions. The Plan Members' share of the surplus will be available to improve benefits or reduce plan members' contributions. The restructuring of the Program is subject to the approval of regulatory authorities.

Under the restructured Program, plan benefits are expected to be improved, with retroactive application to January 1, 2000, utilizing approximately $157.175 million of the plan members' share of surplus.

Under the restructured Program, the contribution rate for the City of Winnipeg and participating employers will not exceed 8% of pensionable earnings, whereas under the existing provisions, employees contribute at the required rate and the employer is responsible for the balance of costs as determined by the Plan's actuary.

The most recent actuarial valuation of the Winnipeg Police Pension Plan for funding purposes, as at December 31, 1997, disclosed an actuarial surplus in the Regular Account of $35.635 million. The Plan remains fully funded as at December 31, 1997 with a contingency reserve of $6.936 million available to match employee contributions in the future. The surplus has not been allocated, pending the approval of specific provisions to allocate surplus arising subsequent to January 1, 1995.

In 1999, contributions made by the City to the Plans were $25.7 million (1998—$25.6 million).

b) Councillors' Pension Plan

On November 2, 1992, the pension plan provided to members of Council was terminated, thereby not allowing new members to be accepted to the plan and current members being entitled to receive retirement benefits once they become eligible. These benefits are recorded when paid. The unrecorded benefits liability at December 31, 1999 has been estimated to be $3.7 million (1998—$3.7 million). In 1999, the City paid out $0.3 million (1998—$0.3 million).

20. PENSION COSTS AND OBLIGATIONS (continued)

a) Employees' Pension Plan (continued)

The demographic assumptions were chosen after a detailed analysis of past experience. The economic assumptions reflect expected long-term market conditions. This valuation was extrapolated to December 31, 1999 to determine the actuarial present value of accrued pension benefits disclosed below.

For the Regular Account, the actuarial present value of accrued benefits was determined using the projected benefit method pro-rated on services. The present value of the accrued pension obligations and the pension fund assets available to meet these obligations are as follows:

	1999	1998
Civic Employees' Pension Plan		
Pension fund assets, at actuarial value	$	
Accrued pension obligations	$	
Winnipeg Police Pension Plan		
Pension fund assets, at actuarial value	$	
Accrued pension obligations	$	

Funds from the Supplementary Account may only be used to provide cost of living adjustment to pensioners. The actuarial value of net assets will be used to fund cost of living adjustments already granted to pensions in payment plus future refunds of contributions to the Supplementary Account and future cost of living increases for retirees and current employees, as follows:

	1999	1998
Civic Employees' Pension Plan		
Cost of living adjustments already granted	$	
Future cost of living increases		
	$	
Winnipeg Police Pension Plan		
Cost of living adjustments already granted	$	
Future cost of living increases		
	$	

The most recent actuarial valuation for funding purposes of the Employee Benefits Program, as at December 31, 1998, disclosed new actuarial surplus since 1994 in the Regular Account of $266.147 million, a contingency reserve in the amount of $78.863 million and a balance of actuarial surplus from the 1994 valuation available for benefit improvements in the amount of $73.228 million.

On December 15, 1999, City Council and all of the unions representing the City of Winnipeg employees in the Plan approved the restructuring of the Employee Benefits Program. The Program will become jointly trusteed, with current and future surpluses or deficits being shared equally between the City and plan members. The City's share of the surplus will be available to finance contribution holidays or reductions of its contributions. The Plan Members' share of the surplus will be available to improve benefits or reduce plan members' contributions. The restructuring of the Program is subject to the approval of regulatory authorities.

Under the restructured Program, plan benefits are expected to be improved, with retroactive application to January 1, 2000, utilizing approximately $157.175 million of the plan members' share of surplus.

Under the restructured Program, the contribution rate for the City of Winnipeg and participating employers will not exceed 8% of pensionable earnings, whereas under the existing provisions, employees contribute at the required rate and the employer is responsible for the balance of costs as determined by the Plan's actuary.

The most recent actuarial valuation of the Winnipeg Police Pension Plan for funding purposes, as at December 31, 1997, disclosed an actuarial surplus in the Regular Account of $35.635 million. The Plan remains fully funded as at December 31, 1997 with a contingency reserve of $6.936 million available to match employee contributions in the future. The surplus has not been allocated, pending the approval of specific provisions to allocate surplus arising subsequent to January 1, 1995.

In 1999, contributions made by the City to the Plans were $25.7 million (1998—$25.6 million).

b) Councillors' Pension Plan

On November 2, 1992, the pension plan provided to members of Council was terminated, thereby not allowing new members to be accepted to the plan and current members being entitled to receive retirement benefits once they become eligible. These benefits are recorded when paid. The unrecorded benefits liability at December 31, 1999 has been estimated to be $3.7 million (1998—$3.7 million). In 1999, the City paid out $0.3 million (1998—$0.3 million).

20. PENSION COSTS AND OBLIGATIONS (continued)

c) Group Life Insurance Plan

Employees of the City who are members of the Civic Employees' Pension Plan and the Winnipeg Police Pension Plan must become members of the Civic Employees' Group Life Insurance Plan and the Police Employees' Group Life Insurance Plan respectively. These plans provide life insurance coverage for members while employed and coverage can be continued into retirement at the employees' option. Plan members and the City share the cost of basic life insurance coverage. An actuarial valuation indicated that this post-retirement liability is fully funded.

21. PROPERTY AND LIABILITY INSURANCE

The City purchases comprehensive insurance coverage for property and liability with a self-insured retention level of $250 thousand for most of the policies. The City has established an Insurance Reserve Fund that enables the City to carry a large self-insured retention level which mitigates the effect of poor claims experience in any given year. The balance of the reserve as at December 31, 1999 is $8.6 million (1998—$8.0 million).

22. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the year 2000 issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

23. DISCONTINUED OPERATIONS

In November 1996, the Province of Manitoba passed legislation covering the transfer of social assistance programming from the City of Winnipeg to the Province. On February 24, 1999, Council, for the City of Winnipeg, approved the transfer of the program. The municipal social assistance program was transferred on April 1, 1999 on a cost neutral basis.

24. RESTATEMENT OF COMPARATIVE FIGURES

During the year the City recognized that a certain number of its lease agreements were capital in nature. These leases are now recognized in the financial statements as capital assets with a corresponding obligation. Prior year's figures have been retroactively restated to reflect this change. The net effect on the current year figures is an increase in capital assets and capital lease obligations in the amount of $15.3 million (1998—$9.6 million).

As well, the City has accrued certain employee benefits and environmental liabilities amounting to $94.9 million (1998—$95.9 million) in the Statement of Financial Position and has applied this change in accounting policy on a retroactive basis. Accordingly, the opening equity at January 1, 1998 has been decreased by $90.6 million. The net impact of this change is to increase/(decrease) the excess of revenues over expenses by $0.957 million and ($5.263) million for 1999 and 1998 respectively.

Certain of the prior year's figures have been reclassified to conform with the current year's financial statement presentation.

25. SUBSEQUENT EVENTS

a) Employees' Pension Plan

On January 4, 2000, the Employee Benefits Board filed with Revenue Canada and the Manitoba Pension Commission an actuarial report as at December 31, 1997 which indicated that the Civic Employees Pension Plan had an "excess surplus," as determined in accordance with subsection 147.2(2) of the **Income Tax Act**. As a result of this "excess surplus," the employer contributions made during 1998 and 1999 are not eligible contributions under the **Income Tax Act**. Subject to approval of regulatory authorities, employer contributions for 1998 and 1999 totalling approximately $35.0 million are expected to be refunded in 2000.

b) Winnipeg Hydro Power Agreement

The Power agreement between Winnipeg Hydro and Manitoba Hydro expires on March 31, 2000. Discussions have commenced but until such arrangements are finalized Winnipeg Hydro and Manitoba Hydro continue to operate under the terms of the previous agreement.

CONSOLIDATED FINANCIAL STATEMENTS: FIVE-YEAR REVIEW

As at December 31 ("$" amounts in thousands of dollars, except as noted (unaudited)		**1999**	1998	1997	1996	1995
1.	Population (As restated per Statistics Canada)	**628,100**	**627,300**	627,800	**629,700**	630,600
	Unemployment Rate (Per Statistics Canada)					
	Winnipeg	**5.8%**	**5.6%**	7.3%	**8.1%**	7.7%
	National Average	**7.8%**	**8.3%**	9.1%	**9.6%**	9.4%
2.	Average Total Employees	**9,178**	**9,200**	9,330	**9,483**	9,734
3.	Number of Taxable Properties	**189,519**	**188,969**	187,708	**186,983**	187,306
	Payments in Lieu—Number of Properties	**834**	**845**	829	**880**	924
4.	Assessment					
	Residential	**$ 17,486,001**	**17,325,214**	17,064,597	**16,952,877**	16,843,818
	Commercial and Industrial	**5,202,799**	**5,180,334**	5,545,827	**5,532,811**	5,665,781
	Farm	**113,363**	**116,979**	154,676	**157,021**	181,842
		$ 22,802,163	**22,643,514**	22,765,100	**22,882,709**	22,691,441
	Assessment Per Capita (In Dollars)	**$ 36,303**	**36,097**	36,262	**36,351**	35,984
	Commercial and Industrial as a Percentage of Assessment	**22.82%**	**22.98%**	24.36%	**24.53%**	24.97%
5.	Tax Arrears	**$ 44,425**	**39,687**	43,411	**42,283**	44,918
6.	Tax Arrears Per Capita (In Dollars)	**$ 70.73**	**63.27**	69.15	**67.13**	71.23
7.	Municipal Mill Rate	**33.344**	**33.478**	32.966	**32.942**	32.342
	Percentage change adjusted for Portioning and Reassessment	**-0.40%**	**1.13%**	2.00%	**-0.54%**	2.18%
8.	Winnipeg Consumer Price Index (Annual Average)					
	1992 Base Year 100	**115.30**	**113.00**	111.50	**109.30**	107.00
	Percentage Increase	**2.04%**	**1.39%**	2.11%	**2.06%**	2.79%
9.	Consolidated Revenue					
	Taxation	**$ 485,706**	**479,352**	477,030	**473,349**	468,990
	User Charges	**402,968**	**392,804**	381,164	**368,302**	366,774
	Government Transfers	**96,318**	**140,825**	148,111	**149,299**	153,271
	Interest and Other Revenue	**57,894**	**37,566**	33,423	**28,164**	33,952
		$ 1,042,986	**1,050,031**	1,039,728	**1,018,515**	1,022,987
10.	Consolidated Expenses by Function					
	Municipal Operations	**$ 606,291**	**582,990**	636,687	**628,486**	673,131
	Public Utilities	**335,846**	**309,704**	314,468	**300,097**	309,012
	Other	**32,339**	**31,188**	28,289	**27,811**	25,731
		$ 974,476	**993,882**	979,444	**1,016,344**	1,007,874
11.	Consolidated Surplus for the Year	**$ 68,490**	**57,919**	60,284	**2,971**	15,113

(Note: In 1998, the City conducted a general reassessment which moved from a 1991 level of value to a 1996 level of value)

(Note: In 1999, the City began to accrue certain employee benefits and environmental liabilities. Figures prior to 1998 have not been restated)

CONSOLIDATED FINANCIAL STATEMENTS: FIVE-YEAR REVIEW

As at December 31 ("$" amounts in thousands of dollars, except as noted) (unaudited)		**1999**	1998	1997	1996	1995
12. Consolidated Expenditures by Object						
Salaries and Benefits	$	449,514	437,385	435,898	434,072	437,841
Goods and Services		310,958	276,583	265,455	285,001	245,406
Debt Interest and Repayment		182,818	183,176	177,646	177,857	177,717
Grants, Transfers and Other Expenses		31,186	95,859	100,445	119,414	146,910
	$	974,476	993,003	979,444	1,016,344	1,007,874
13. Payments to School Authorities	$	368,983	356,771	356,234	348,006	341,696
14. Long-Term Debt						
Tax-Supported	$	741,361	692,756	716,051	659,111	697,427
Transit		45,951	46,115	46,273	44,853	46,983
City-Owned Utilities		420,272	393,406	408,955	395,555	409,775
Other		41,811	39,590	42,577	37,280	37,988
Total Gross Debt		1,249,395	1,171,901	1,213,856	1,136,779	1,192,173
Less: Sinking Fund		345,859	291,164	270,388	220,908	233,546
Total Net Long-Term Debt	$	903,536	880,737	943,468	915,871	958,627
Percentage of Total Assessment		3.96%	3.88%	4.14%	4.04%	4.22%
15. Long-Term Debt Servicing Costs						
Tax-Supported	$	91,691	91,091	87,694	80,507	92,165
Transit		6,136	6,138	6,019	6,115	5,859
Utilities and Other		58,528	56,877	57,812	57,695	58,796
Total Costs	$	156,355	154,106	151,525	154,317	156,820
Per Capita (in Dollars)	$	248.93	245.67	241.36	245.08	248.68
Percentage of Total Expenses		16.05%	15.52%	15.47%	15.18%	15.56%
16. Capital Assets purchased during the Year						
General Municipal Purposes	$	81,350	93,408	82,742	85,391	146,779
Utilities and Other		44,246	19,376	25,986	29,287	42,059
	$	125,596	112,784	108,728	114,678	188,838
17. Capital Financing during the Year						
Debenture Debt Issued	$	80,000	—	90,000	70,000	100,000
Grants		28,979	42,939	44,257	20,278	44,165
	$	108,979	42,939	134,257	90,278	144,165
18. Reserves and Surplus						
Reserves	$	286,950	227,184	272,865	241,123	229,797
Appropriated Surplus	$	10,406	4,721	4,359	4,670	8,617
Unappropriated Surplus	$	92,832	88,613	77,184	48,331	51,739
19. Area in Acres at the End of the Year		116,000	116,000	116,000	116,000	116,000
20. Construction						
Permits Issued		7,701	7,820	6,542	6,448	6,846
Value	$	504,158	499,973	352,942	298,823	272,004
Housing Starts		1,127	1,304	1,237	1,007	972

CONSOLIDATED FINANCIAL STATEMENTS: FIVE-YEAR REVIEW

As at December 31 ($ amounts in thousands of dollars, except as noted) (unaudited)	**1999**	1998	1997	1996	1995
1. Population (As restated per Statistics Canada)	**628,100**	627,300	627,800	629,700	630,600
Unemployment Rate (Per Statistics Canada)					
Winnipeg	**5.8%**	5.6%	7.3%	8.1%	7.7%
National Average	**7.6%**	8.3%	9.1%	9.6%	9.4%
2. Average Total Employees	**9,178**	9,209	9,330	9,493	9,734
3. Number of Taxable Properties	**189,519**	188,969	187,708	186,963	187,306
Payments in Lieu—Number of Properties	**834**	845	829	892	924
4. Assessment					
Residential	**$ 17,486,001**	17,325,214	17,064,597	16,952,877	16,843,818
Commercial and Industrial	**5,202,799**	5,199,324	5,545,827	5,552,811	5,665,781
Farm	**113,363**	118,976	154,676	157,621	181,842
	$ 22,802,163	22,643,514	22,765,100	22,663,309	22,691,441
Assessment Per Capita (In Dollars)	**$ 36,303**	36,097	36,262	35,991	35,984
Commercial and Industrial as a Percentage of Assessment	**22.82%**	22.96%	24.36%	24.50%	24.97%
5. Tax Arrears	**$ 44,425**	39,687	43,411	42,265	44,918
6. Tax Arrears Per Capita (In Dollars)	**$ 70.73**	63.27	69.15	67.12	71.23
7. Municipal Mill Rate	**33.344**	33.479	32.966	32.342	32.342
Percentage change adjusted for Portioning and Reassessment	**-0.40%**	1.13%	2.00%	-0.54%	2.18%
8. Winnipeg Consumer Price Index (Annual Average)					
1992 Base Year 100	**115.30**	113.00	111.50	109.20	107.00
Percentage Increase	**2.04%**	1.35%	2.11%	2.06%	2.79%
9. Consolidated Revenue					
Taxation	**$ 485,786**	479,652	477,030	465,349	468,990
User Charges	**402,968**	392,884	381,164	366,503	366,774
Government Transfers	**96,318**	140,825	148,111	149,299	153,271
Interest and Other Revenue	**57,894**	37,560	33,423	39,164	33,952
	$ 1,042,966	1,050,921	1,039,728	1,020,315	1,022,987
10. Consolidated Expenses by Function					
Municipal Operations	**$ 606,291**	652,099	636,687	628,456	673,131
Public Utilities	**335,846**	309,724	314,468	360,077	309,012
Other	**32,339**	31,180	28,289	27,811	25,731
	$ 974,476	993,003	979,444	1,016,344	1,007,874
11. Consolidated Surplus for the Year	**$ 68,490**	57,918	60,284	3,971	15,113

(Note: In 1998, the City conducted a general reassessment which moved from a 1991 level of value to a 1996 level of value)

(Note: In 1999, the City began to accrue certain employee benefits and environmental liabilities. Figures prior to 1998 have not been restated)

CONSOLIDATED FINANCIAL STATEMENTS: FIVE-YEAR REVIEW

As at December 31 ("$" amounts in thousands of dollars, except as noted) (unaudited)		**1999**	1998	1997	1996	1995
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Goods and Services		**310,958**	276,583	265,455	**285,001**	245,406
Debt Interest and Repayment		**182,818**	183,176	177,646	**177,857**	177,717
Grants, Transfers and Other Expenses		**31,186**	95,859	100,445	**119,414**	146,910
	$	**974,476**	993,003	979,444	**1,016,344**	1,007,874
13. Payments to School Authorities	$	**368,983**	356,771	356,234	**348,008**	341,696
14. Long-Term Debt						
Tax-Supported	$	**741,361**	692,796	716,051	**659,111**	697,427
Transit		**45,951**	46,115	46,273	**44,853**	46,983
City-Owned Utilities		**420,272**	393,400	408,955	**395,555**	409,775
Other		**41,811**	39,590	42,577	**37,260**	37,988
Total Gross Debt		**1,249,395**	1,171,901	1,213,856	**1,136,779**	1,192,173
Less: Sinking Fund		**345,859**	291,164	270,388	**220,908**	233,546
Total Net Long-Term Debt	$	**903,536**	880,737	943,468	**915,871**	958,627
Percentage of Total Assessment		**3.96%**	3.89%	4.14%	**4.04%**	4.22%
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Transit		**6,136**	6,138	6,019	**6,115**	5,859
Utilities and Other		**58,528**	56,877	57,812	**57,695**	58,796
Total Costs	$	**156,355**	154,106	151,525	**154,317**	156,820
Per Capita (in Dollars)	$	**248.93**	245.67	241.36	**245.06**	248.68
Percentage of Total Expenses		**16.05%**	15.52%	15.47%	**15.18%**	15.56%
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Utilities and Other		**44,246**	19,376	25,986	**29,287**	42,059
	$	**125,596**	112,784	108,728	**114,678**	188,838
17. Capital Financing during the Year						
Debenture Debt Issued	$	**80,000**	—	90,000	**70,000**	100,000
Grants		**28,979**	42,939	44,257	**20,278**	44,165
	$	**108,979**	42,939	134,257	**90,278**	144,165
18. Reserves and Surplus						
Reserves	$	**286,950**	227,164	272,865	**241,123**	229,797
Appropriated Surplus	$	**10,406**	4,721	4,359	**4,670**	8,617
Unappropriated Surplus	$	**92,832**	89,813	77,184	**48,331**	51,739
19. Area in Acres at the End of the Year		**116,000**	116,000	116,000	**116,000**	116,000
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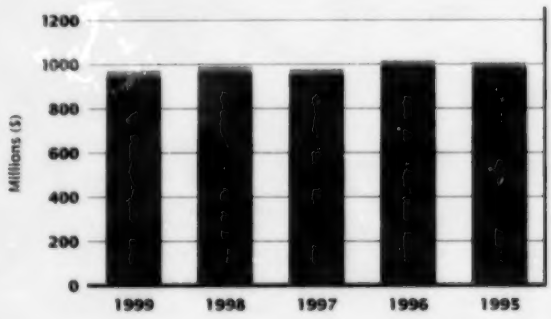
CONSOLIDATED FINANCIAL STATEMENTS: FIVE-YEAR REVIEW

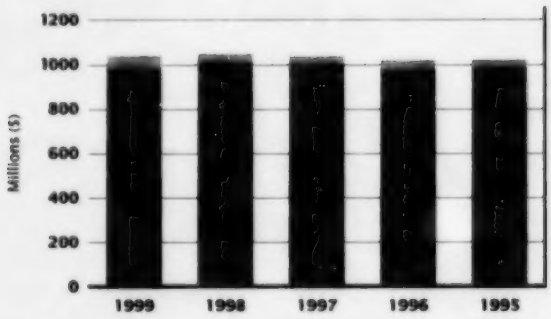
CONSOLIDATED EXPENSES BY FUNCTION (1)

- Other
- Public Utilities
- Municipal Operations



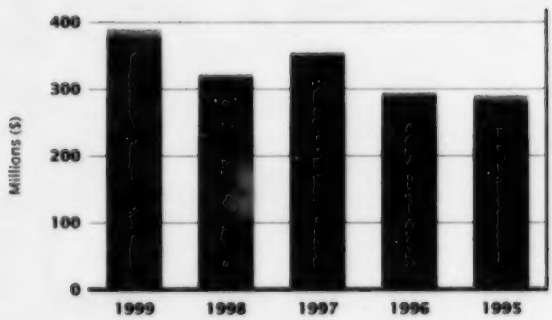
CONSOLIDATED REVENUES BY SOURCE

- Interest and Other Revenue
- Government Transfers
- User Charges
- Taxation



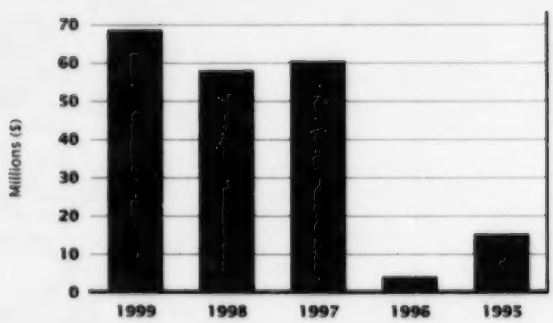
RESERVES AND SURPLUS (1)

- Appropriated Surplus
- Unappropriated Surplus
- Reserves



CONSOLIDATED SURPLUS FOR THE YEAR (1)

- Surplus

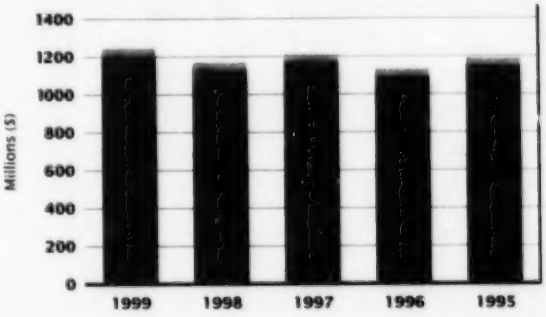


(1) In 1999, the City began to accrue certain employee benefits and environmental liabilities. Figures prior to 1998 have not been restated.

CONSOLIDATED FINANCIAL STATEMENTS: FIVE-YEAR REVIEW

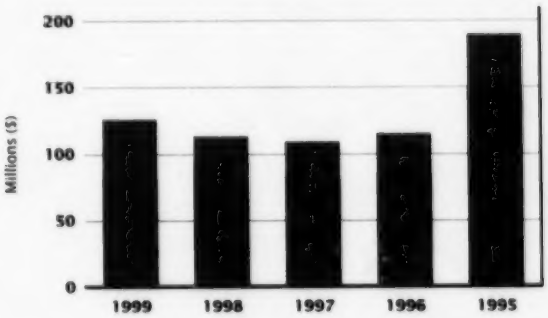
SUMMARY OF CONSOLIDATED LONG-TERM DEBT

- Transit
- Other
- City-Owned Utilities
- Tax-Supported



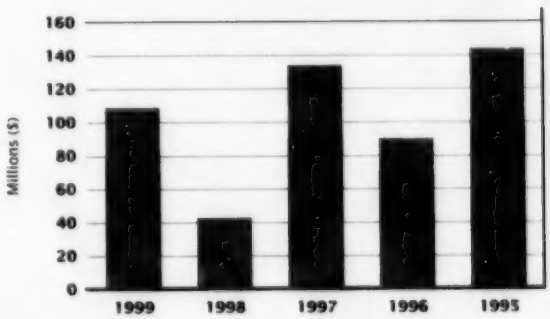
CAPITAL ASSETS PURCHASED

- Utilities and Other
- General Municipal Purposes



SOUCES OF CAPITAL FINANCING

- Grants and Other
- Debenture Debt Issued



PRINCIPAL CORPORATE TAXPAYERS

	Total 1999 Municipal and Business Taxes Paid (in millions of dollars)
Centra Gas Manitoba Inc.	
Ontrea Inc./Polo Park Centre Ltd.	
OPB Realty Inc.	
North Portage Development Corp.	
The Toronto Dominion Bank	

KEY CITY CONTACTS

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The City of Winnipeg's *Detailed Financial Statements* for 1999 are available as a companion document to the Annual Report.

The City of Winnipeg Home Page can be found at:
http://www.city.winnipeg.mb.ca